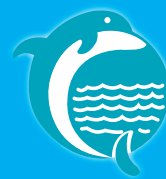


# **DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.**



31st Annual Report | 2009-2010



## Vision Statement

“Dolphin Offshore Enterprises (India) Limited will be a global provider of integrated services to the oil and gas industry, with a diversified portfolio for undertaking turnkey projects involving Underwater, Marine and Offshore Construction. We will harness our knowledge and energy to provide world class quality, safety and environmental protection standards. We will constantly upgrade procedures, skills, systems and technology to create greater value for our clients, suppliers, employees and shareholders.”

# **DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.**

## **BOARD OF DIRECTORS**

Rear Admiral Kirpal Singh	Executive Chairman
Mr. S. Venkiteswaran	Vice Chairman
Mr. Arvind K. Parikh	Director
Mr. Bipin R. Shah	Director
Dr. Faqir Chand Kohli	Director
Mrs. Manjit Kirpal Singh	Director
Mr. Robert D. Petty	Director
Mr. S. Sundar	Director
Mr. Satpal Singh	Managing Director
Mr. Navpreet Singh	Jt. Managing Director

## **COMPANY SECRETARY**

Mr. V. Surendran

## **AUDITORS**

Haribhakti & Co.

## **BANKERS**

State Bank of India & Canara Bank

## **REGISTERED OFFICE**

1001, Raheja Centre, 214, Nariman Point, Mumbai - 400 021.  
Tel.: 2283 2226 / 34 / 42

## **CORPORATE OFFICE**

L.I.C. Building, Plot No. 54, Sector 11, Next to K. Star Hotel,  
C.B.D. Belapur (East), Navi Mumbai - 400 614  
Tel.: 6602 6602  
Fax No.: 6602 6603

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# BOARD OF DIRECTORS

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Rear Admiral Kirpal Singh  
Executive Chairman



Mr. S. Venkiteswaran  
Vice Chairman



Mr. Satpal Singh  
Managing Director



Mr. Navpreet Singh  
Joint Managing Director



Mrs. Manjit Kirpal Singh  
Director



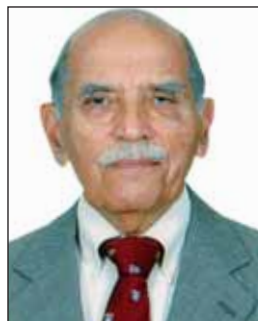
Mr. S. Sundar  
Director



Mr. Bipin R. Shah  
Director



Mr. Arvind K. Parikh  
Director



Dr. Faqir Chand Kohli  
Director



Mr. Robert D. Petty  
Director





# EXECUTIVE MANAGEMENT

---



Mr. Vikram Pahlajani  
Chief Executive Officer  
(Dolphin Offshore  
Shipping Ltd.)



Mr. Tapan Banik  
Chief Operating Officer & Vice  
President (Operations)  
(Operation Division)



Mr. Prakash Malvankar  
Chief Operating Officer & Vice  
President (Projects)  
(Project Division)



Mrs. Umaparvati Srinivasan  
Vice President - Finance  
(Accounts & Finance)



Mr. H. Rammohan  
Senior General Manager  
(Procurement)



Mr. G. Nilakantan  
General Manager  
(Human Resource  
Development)



Mr. V. Surendran  
Company Secretary  
(Legal & Secretarial)



Mr. Keith Drego  
General Manager  
(Marketing)



Mr. S. Surendar  
Assistant General Manager  
(Information Technology)



I am extremely pleased to present the details of your Company's performance for the financial year which is more particularly described in the Annual Report of 2009-2010 a copy of which is enclosed.

Your Company has achieved a record turnover of Rs.532.47 crores during FY 09/10 on a standalone basis. The consolidated revenue of the Company was up by 56.89% to Rs. 553 crores and the consolidated net profit after tax was up by 52.42% to Rs. 62.29 crores.

The Company's Board of Directors have recommended a final dividend of Rs.1.50/- per share (in addition to the interim dividend issue @1.50/- per share on October 31, 2009) subject to the approval of the shareholders. The Company had also issued bonus shares in the ratio 2:5 in July 2009- the second bonus issue since the Company went public in 1994.

During the year, your Company has successfully reached near completion of revamp of NQD process complex and ICP process complex. In addition to these revamp projects, the Company has also successfully completed several other contracts with ONGC, Leighton and Punj Lloyd.

The world economic crisis left a deep impact on oil and gas industry globally. Fortunately, it did not have much effect on the growth of the oil and gas industry in India and we expect that there will be significant increase in the E&P activities in the offshore Indian market.

In view of the strong growth of the Indian economy and increased investment in the oil & gas sector, the outlook of your Company continues to be encouraging in the coming years. ONGC has planned an outlay of approximately Rs.11,600 crores over the next 3 to 4 years. With the increased activities on the East Coast of India promise more growth opportunities for your Company.

Your Company has consistently adopted high standards of Corporate Governance. Good Corporate Governance is always part of the Company's business philosophy. The effort of your Company is not only to comply with regulatory requirements but also practice Corporate Governance principles based on integrity, transparency and overall corporate accountability.

I am grateful to the Board of Directors for their support and guidance and also to all customers, bankers, financial institutions, shareholders and most of all to all the employees for their valuable support and co-operation.

I look forward to your continued support, trust and participation in the growth of the Company.

With warm regards,

Rear Admiral Kirpal Singh  
Executive Chairman

## DIVING AND UNDERWATER SERVICES



Dolphin Offshore has been offering comprehensive underwater services, including Air, Mixed Gas and Saturation diving services, to the Indian Offshore Oil & Gas Industry since 1979. It has since, provided these services overseas as well in places including but not limited to Vietnam, China and Malaysia. The Company has also been providing ROV services on drill ships, since 2000.

The team of professionals in this division is made up of highly qualified Diving Superintendents, Supervisors, Divers and Technicians. The personnel have been trained to meet international standards and are certified by Health & Safety Executive of the UK, International Marine Contractors Association (IMCA) etc. This team has vast experience in inspection, maintenance, repairs, non-destructive testing and construction work related to offshore structures pipelines repair

The Company has made considerable investments for the acquisition of equipments for Air, Mixed Gas and Saturation Diving, Underwater Welding and Cutting, NDT Inspection, CCTV and Hydraulic equipment and Air Lift equipment. The company has a diving workshop located at Turbhe for the main purpose of storage and maintenance of such equipment.

### The areas of activity covered are:

- Under water construction services entailing modification and redevelopment of existing offshore facilities.
- Pre-engineering surveys.
- Diving support for pipe laying, including pipe line stabilization.
- SBM and SPM installation, change outs, operation and maintenance.
- Inspection, maintenance and repairs of platforms.
- Installation and replacement of pipelines, risers and conductors.
- Redundent pipeline removal.
- Removal off group bags used for pipeline stabilisation.
- Underwater ship repair and maintenance.
- Rig support Diving services including UWILD surveys.
- Inspection required for various certifying bodies such as ABS, DNV and USCG certifications.
- ROV services which until now have been carried out for ONGC in board their drill ships, in collaboration with Oceaneering International.

### Diving Assets that are owned by the Company include:

- SDS 01 - 300 meter 10 man saturation diving system
- SDS 02 – 200 meter 9 man saturation diving system
- 7 Air and Mixed Gas Diving Systems
- Underwater NDT equipment / cameras
- Various underwater tools and equipments
- 2 high pressure water blasters





## FABRICATION/ INSTALLATION (ONSHORE AND OFFSHORE)



Dolphin Offshore has over 15 years Offshore experience in procurement, fabrication, installation, hook up and commissioning of major plants and equipment on offshore platforms, drilling rigs and onshore facilities including refineries, power plants and ports.

We have a large team of qualified engineers, technicians and welders with extensive experience in undertaking onshore and offshore fabrication work, providing quality services to our clients. We also own fabrication yards located near Navi Mumbai which are well equipped with generators, welding and gas cutting equipments, lathes, shaping machines, pipe bending machines, grinders, radial drilling machines, power hack saw, hydraulic press, air compressor, installation and lifting equipment including EOT Crane, Chain Blocks and Tackles, Scaffolding, Submersible as well as Diesel operated fire pumps and Pneumatic tools.

### Our Onshore activities include:

- Turnkey Projects for revamp of plant piping and structural works including pre-engineering surveys, preparation of ISO's and Bill of materials, transportation, prefabrication of spools as well as supports and structures at site, storage of equipment and we also provide materials, erection, hook up and commissioning of equipments/ systems.
- Onshore Fabrication services to Oil and Gas refining and processing facilities, ports and nuclear power plants.

### Offshore activities cover:

- Topside modifications on unmanned and process platforms, installation of riser clamps and protectors, deck extensions, boat landings, clamp-on structures and running conductors.
- Platform revamp work including painting.
- Hook-up and commissioning work on platforms.
- Electrical and instrumentation works on unmanned and process platforms.
- Installation of walk-way bridges and revamp of living quarters in process complexes.
- Replacement of Cranes, FG Skids, Chlorinators, Deluges System etc. on unmanned and process platforms.
- Piping work on platforms such as riser pipes flow arm and riser piping, water injection and gas lift lines using CS, NACE, SS, DSS, Incolloy and Cu – Ni material.
- Structural work comprising of steel modules and assemblies including painting of the same.
- Turnkey repairs to spud-can, mud-mats, shock-pad foundation on jack-up rigs using semi submersibles heavy lift barges and cofferdam techniques.





## TURNKEY EPC PROJECTS



Dolphin Offshore qualified earlier on as an EPC (Engineering, Procurement and Construction) contractor with ONGC, but has been till recently working as a subcontractor to companies like L&T. However, with the award of the NQD & ICP contracts in September 2008, Dolphin has commenced work as an independent main EPC contractor to ONGC. Dolphin is now one of the few companies, which provide all the three dimensions of marine construction services, i.e. Marine operations, Diving/ Subsea services and Topside/Fabrication services, to execute offshore projects on a turnkey basis independently.

Some of the Marine Construction projects, which require all three or at least two of the above mentioned services include:

- Pre-engineering, pre construction and post installation surveys of offshore structures/ pipelines.
- Hook-up and commissioning of new platforms.
- Revamp/painting of offshore structures.
- Free span corrections and crossovers.
- Topside modification work on existing platforms.
- Installation of walkway bridges and other structures including PLEM, deck extensions, etc.
- Marine loadouts, sea fastening and transportation.
- Installation of riser, conductor, I-tube, anodes and relocation clamps.
- Diving and topside support during rigid and flexible pipelay operations.
- Repairs of jack-up rig's, spudcans and mudmats using semi submersible barges.



## MARINE OPERATIONS AND MANAGEMENT SERVICES

All marine activities of Dolphin Offshore are the responsibility of

### **DOLPHIN OFFSHORE SHIPPING LIMITED. (DOSL)**

a Company registered under Companies Act 1956 and has its registered office at 1001, Raheja Centre, Nariman Point, Mumbai – 400 021. The ownership and Management of the Company changed with effect from 1st September 2006 and the company is now a wholly owned subsidiary of Dolphin Offshore Enterprises (India) Limited.

DOSL currently provides the following services:

- Marine Owning of tugs and offshore vessels.
- Operation and management of offshore vessels.
- Operation and management of tugs.
- Offshore Marine Operations.
- Marine Logistics Management.

DOSL owns 3 OSVs (Offshore Support Vessels) including a workboat and six Harbor Tugs, all of which are chartered out to reputed clients. These include:

- Brahmaputra Dolphin
- Ganga Dolphin
- Kamrup
- Pioneer Star
- SCH-3
- Marina Venus
- Marina Mercury
- Time Skipper
- Everpower

DOSL has also taken on bareboat cum demise charter one Anchor Handling Tug, AMS Divine, which the Company will own after around 5 years.

DOSL also operates and manages vessels owned by other subsidiaries of DOEIL including Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd. and status of new Construction Vessels of the above Company is as under:-

- Beas Dolphin – Delivered in December 2009 and under DOSL Management.
- Betwa Dolphin – Delivery expected in November 2010.
- Vikrant Dolphin (DP Accommodation Barge) – Delivery expected in November 2010.

To cater to the Offshore Construction requirements of DOEIL, DOSL also provides Marine Operations and Logistics services which include chartering, operating and managing various types of vessels including barges, tugs, accommodation barges, DP Construction Vessels, Offshore Support Vessels, etc.





## RIG REPAIRS & SHIP REPAIRS

Dolphin Offshore provides repair facilities to ships and drilling rigs, in dry dock as well as in floating condition. We have 18 years of experience in this area. Our range of repair services include electrical, air conditioning, refrigeration, engines (overhauls and replacement), piping and deck as well as Hull repair work.

We have an excellent team of highly qualified personnel, whose collective expertise covers all areas in the repair and maintenance of rigs and ships. We also have workshops near Navi Mumbai and related facilities which are equipped to undertake ship and jack-up rig repairs. Finally, Dolphin Offshore is registered with Director General for Shipping and has a license for Dry Dock repairs at Mumbai Port Trust.

### Our services pertaining to Ship Repair include:

- Floating/Dry Dock and in situ emergency repairs.
- Underwater repairs and maintenance, including underwater cleaning of Propellers and painting of Hull.
- Hull plating, piping and structural repairs and replacement.
- Engine repairs/ overhauls and replacement.
- Electrical, Electronic and Hydraulic systems repairs.

### For Jack-up Rigs we cover the following activities:

- Under water repair of rigs without dry docking using coffer dams or semi submersible heavy lift barges.
- Repairs to spud can and legs as well as to shock pads and coamings replacements.
- Repairs and refurbishment of accommodation quarters.
- Repair/ Replacement of shale shaker, leg bracings, jacking unit, raw water tower and high pressure piping.



## DESIGN ENGINEERING

The design engineering activities of Dolphin Offshore are handled by

### IMPac Oil and Gas Engineering (India) Pvt. Ltd.,

which is a joint venture between Dolphin Offshore Enterprises (I) Ltd., Mumbai, and IMPac Offshore Engineering, GmbH, Hamburg, Germany. This joint venture Company was incorporated in July, 2008 with an initial investment capital of Rs. 20 lakhs. The Board consists of 3 directors from IMPac, Germany and 2 from Dolphin Offshore, with Mr. Navpreet Singh as Chairman and Mr. Peter Rischmueller as Managing Director.

IMPac, Germany is an engineering consultant company which has worked with many international clients in the oil and gas sector with experience gathered in more than five hundred projects. Their core competency is in overall consultancy, conceptual studies, FEED, Feasibility studies, Basic Engineering and detail engineering. IMPac also provides Procurement services, site supervision and commissioning.

The present strength of IMPac, India extends 11 individuals. This number is expected to be augmented to 30 by this year end. The main focus of IMPac, India will be to cater to the design engineering needs for future jobs of Dolphin Offshore, as well as of other Indian companies working on EPC contracts.



IMPac Oil and Gas (India) Pvt. Ltd. has carried out two projects till date on oil and gas pipelines with estimated revenue of more than USD 55000. One project was for the client Network E&P of Nigeria and FUN group of Nigeria, while the other was for UERL/SIPEC Joint Operating Body (Nigeria). An extension of the projects by way of required changes/ modifications may also be expected.

IMPac Oil and Gas (India) Pvt. Ltd has just begun marketing activities for engineering services and studies, with very encouraging responses. Further vigorous marketing is being planned.

## MEN AND MACHINES - DIVING SYSTEMS



Saturation Diving Systems are diving spreads, used when divers are saturated to a particular pressure related to a particular depth thus allowing the person to work for longer duration of time.

**Diving Bell:** Used for transportation of divers from surface to particular water depth either in saturation diving mode or bounce diving mode.

The bell is equipped with necessary equipment to sustain life at depth.



**Diving Helmet (Reclaim):** This helmet is designed to recover gas exhaled by divers which would otherwise have gone wasted thus saving costly helium gas.



Gas reclaim unit which reclaim gas (heliox) exhaled by divers which is then re-used thus saving costly helium gas. The unit can also be used to reclaim gas from chambers.



**Air diving chamber:** Used for decompressing divers to get rid of inert gas from their body on completion of dives following laid down decompression tables.



**ECU & Sanitary Water Unit:** ECU controls the environment inside chambers so that divers can live there. Sanitary unit delivers water to showers & toilets under pressure.



**Mixed Gas Diving Systems** are diving spreads used when carrying out dives in depths upto 75 meters.

**Air Diving Systems** are diving spreads used when carrying out dives in depths upto 50 meters.





## MEN AND MACHINES - VESSELS

Multipurpose Workboats are used for Offshore Fabrication, Repairs, Diving Support and Services.



Brahmaputra Dolphin



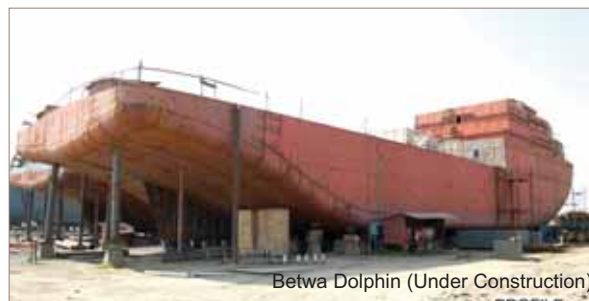
Ganga Dolphin



Kamrup



Beas Dolphin (Recently Launched)



Betwa Dolphin (Under Construction)

Tugs are used for Towing, Berthing, Unberthing and to support vessels at sea and in the harbour.



SCH 3



Time Skipper



Marina Mercury



Pioneer Star

Construction Barges are used for Accommodation and as Construction Material Platforms for fabrication offshore, with the capacity to transfer large quantities of material.

**Vikrant Dolphin (Under Construction)**



## MEN AND MACHINES - FABRICATION AND TOPSIDE



### KOBELCO - 7450 CRANE :

Kobelco Crane has a 97.54 meter main boom and a 67 meter luffing boom. The main boom can pick upto 450 Ton load with 18.2 meter (60 ft.) boom at 5.8 radius and 66 tons with 97.54 meter(320 ft) boom at a radius of 20 meter. With luffing arrangement it can lift 12.3 ton at 58 meter radius at a height of 100 meter.



Offshore Installation of 3 Nos. Cyclone Separators on Platform



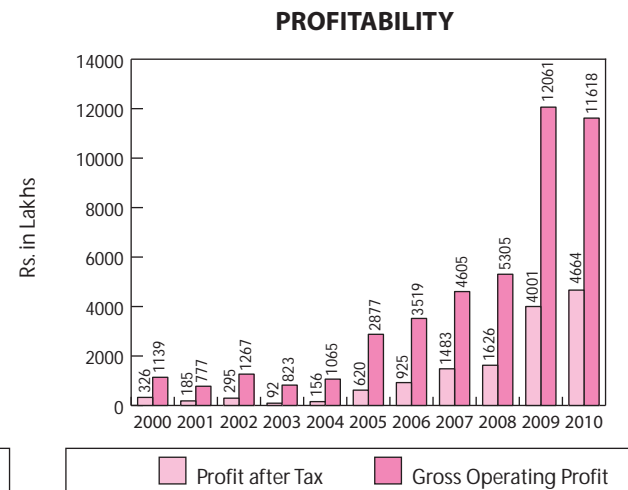
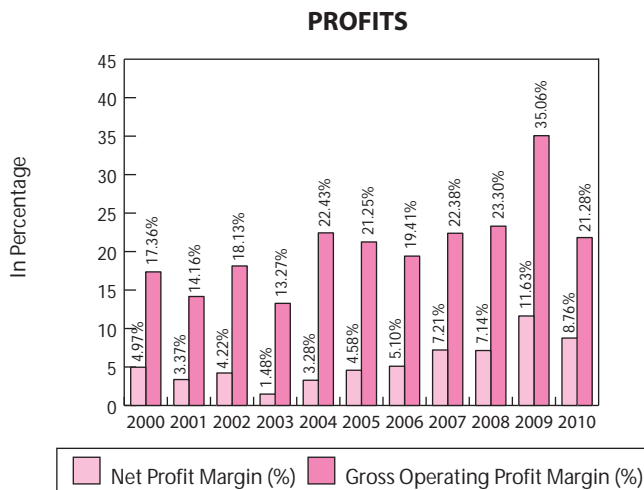
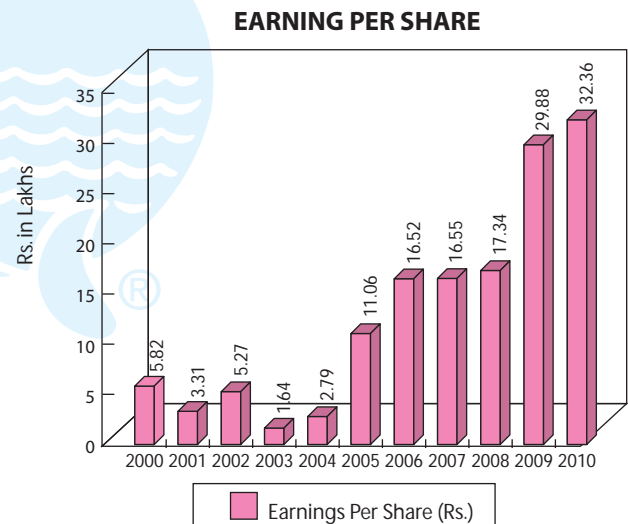
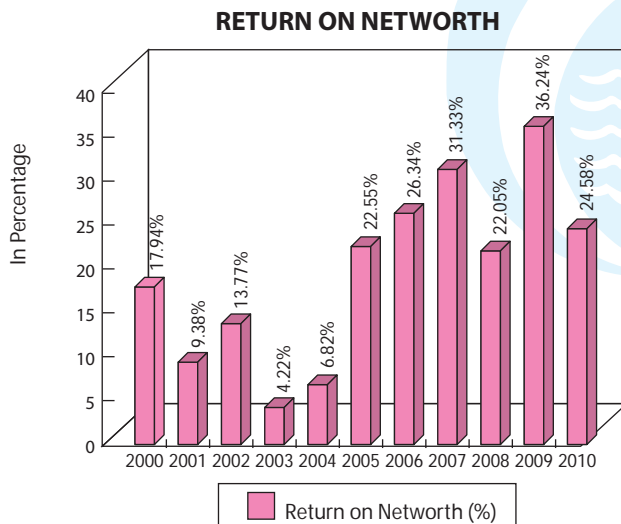
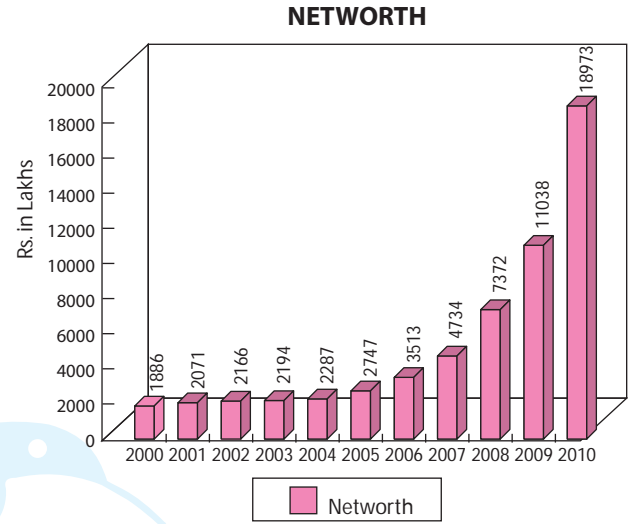
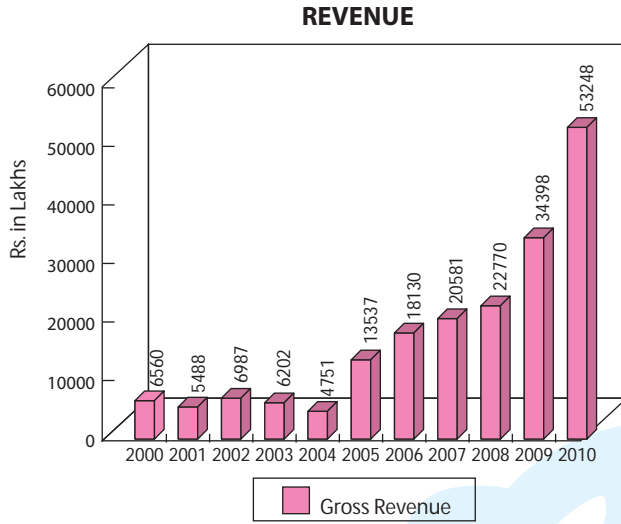
3 Phase separator (3.8 Mtr X 11.5 Mt of 60 MT) being lifted from Barge Crane-Kobelco (450 MT) to Platform.



Chemical Injection System installed at Platform.

## KEY PERFORMANCE INDICATORS

Year ended 31 March Financial Data (Rs. in Lakh)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>ASSETS &amp; LIABILITIES</b>										
Net fixed Assets	3583	3737	4992	4858	3241	3240	1699	1741	1088	864
Net Current Assets	22297	20141	17254	10538	11005	3639	2535	2573	2032	1936
Share Capital	1576	956	956	896	560	560	560	560	560	560
Reserves & Surplus	17397	10082	6416	3838	2953	2187	1727	1634	1606	1511
Total Borrowings	8861	14692	15918	11846	10528	3943	1828	2027	879	837
<b>REVENUES &amp; EXPENSES:</b>										
Gross Revenue	53248	34398	22770	20581	18130	13537	4751	6202	6987	5488
Operating Expenses	41630	22336	17465	15975	14611	10660	3685	5379	5720	4711
Gross Operating Profit	11618	12061	5305	4605	3519	2877	1065	823	1267	777
Profit before Tax	7064	5541	2483	2334	1438	974	165	117	446	245
Profit after Tax	4664	4001	1626	1483	925	620	156	92	295	185
<b>KEY RATIOS:</b>										
Earnings per Share (Rs.)	32.36	29.88	17.34	16.55	16.52	11.06	2.79	1.64	5.27	3.31
Rate of Dividend(%)	30	30	25	25	25	25	10	10	15	-
Gross Operating Profit Margin(%)	21.82	35.06	23.30	22.38	19.41	21.25	22.43	13.27	18.13	14.16
Net Profit Margin (%)	8.76	11.63	7.14	7.21	5.10	4.58	3.28	1.48	4.22	3.37
Current Ratio	1.76	1.58	1.38	1.44	1.87	1.05	1.25	1.15	1.68	1.60
Debt Equity Ratio	0.09	0.50	0.79	1.50	2.06	0.26	0.05	0.03	0.03	-
Return on Net Worth (%)	24.58	36.25	22.05	31.33	26.34	22.55	6.82	4.22	13.77	9.38
Return on Investment (%)	27.35	31.71	21.41	17.88	13.09	28.43	17.73	4.09	13.42	9.38







## NOTICE

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of DOLPHIN OFFSHORE ENTERPRISES [INDIA] LIMITED will be held on Friday, July 23, 2010 at 1500 hours (3.00 p.m.) at M. C. Ghia Hall, Second Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Kalaghoda, Mumbai – 400 001 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2010 together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. S. Venkiteswaran, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arvind K. Parikh, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** M/s Haribhakti & Company, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company in addition to reimbursement of out-of-pocket expenses in connection with the audit of the books of account of the Company.”

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 297 and other applicable provisions of the Companies Act, 1956 consent of the Company be and is hereby given for the Agreement entered by the Company with Mrs. Ritu Singh for the services rendered in connection with the refurbishment of the office premises situated at Nariman Point.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts, deeds and things in order to give effect to the above resolution.”

### Registered Office:

1001, Raheja Centre  
214, Nariman Point  
Mumbai - 400 021

By Order of the Board

For **DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.**

sd/-

**V. SURENDRAN  
COMPANY SECRETARY**

Date: May 21, 2010

1. **MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from July 17, 2010 to July 23, 2010 (both days inclusive).
3. Members are requested to intimate to Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072 for changes, if any, in their registered address.
4. Members/Proxies should bring the Attendance Slip duly filled for attending the meeting and also requested to bring their copies of the Annual Report to the meeting.
5. Members desiring any information regarding the accounts are requested to write to the Company at 1001, Raheja Centre, 214, Nariman Point, Mumbai - 400 021 atleast 3 days before the date of the Meeting to enable the Company to keep the information ready.
6. The Company has admitted its Equity Shares in the Depository Systems of National Securities Depository Limited / Central Depository Services



Limited (NSDL/CDSL) and has offered investors the facility to hold shares in electronic form and to carry out scripless trading of these shares.

7. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business is annexed herewith.

8. Appointment of Directors:

At the ensuing Annual General Meeting, Mr. S. Venkiteswaran and Mr. Arvind K. Parikh, Directors retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange(s) are furnished in the Corporate Governance Report published in the Annual Report.

9. All unclaimed dividend lying in the unpaid dividend account till 2001 - 2002 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. The details of outstanding unpaid dividend to be transferred to the Investor Education and Protection fund (IEPF) is as follows:

YEAR OF DECLARATION	AMOUNT (Rs) OUTSTANDING AS ON 31-03-2010	DATE OF TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND
2002 - 2003	62,403.00	On or before 07/10/2010
2003 - 2004	63,018.00	On or before 05/09/2011
2004 - 2005	91,741.00	On or before 09/09/2012
2005 - 2006	1,00,715.00	On or before 06/10/2013
2006 - 2007	1,62,433.00	On or before 06/10/2014
2007 - 2008	1,72,825.50	On or before 28/10/2015
2008 - 2009	1,85,907.00	On or before 23/08/2015
2009 - 2010 ( Interim Dividend)	1,35,422.42	On or before 30/11/2015

Members who have not so far claimed or collected their dividend declared upto the aforesaid financial years are requested to contact the Company Secretary immediately.

**EXPLANATORY STATEMENT SETTING OUT  
MATERIAL FACTS AS REQUIRED BY SECTION 173  
OF THE COMPANIES ACT, 1956**

**AGENDA ITEM NO. 6**

The resolution at Item no. 6 seek to obtain the approval of members in respect of contract entered with Mrs.

Ritu Singh, w/o Mr. Navpreet Singh, Joint Managing Director for the services rendered in connection with the refurbishment of the office premises of the Company situated at Nariman Point. The approval for the same was granted by the Regional Director vide their letter no. RD/297/458/2/2009/3136 dated July 13, 2009 as per section 297(1) of the Companies Act, 1956. The approval was granted by the Regional Director on the condition that the terms and conditions of the contract with the contractee party should be placed in the next General Meeting of the Company for their approval. The gist of the terms and conditions of the Contract is given below :

1. Name of the Contractee Party → Mrs. Ritu Singh
2. Period of the Contract → 01.05.2009 to 30.09.2009
3. Estimated Value of the Contract → Rs. 5,00,000 /-
4. Scope of Work → Supervising and Assisting the refurbishment of Registered Office of the Company situated at Nariman Point, Mumbai.

The copy of the Contract and the Regional Director's approval letter are available for inspection at the Registered Office of the Company on all working days between 10.00 a.m. to 1.00 p.m. except Saturdays and holidays.

Your Directors recommend the resolution at item no. 6 for your approval.

Rear Admiral Kirpal Singh, Mrs. Manjit Kirpal Singh, Mr. Satpal Singh and Mr. Navpreet Singh being the relatives are interested in the above contract. No other Directors have any interest in the above contract.

By Order of the Board  
For **DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.**

**Registered Office:**  
1001, Raheja Centre  
214, Nariman Point  
Mumbai - 400 021.  
Date: May 21, 2010

sd/-  
**V. SURENDRAN**  
**COMPANY SECRETARY**



To

**THE MEMBERS OF**

**DOLPHIN OFFSHORE ENTERPRISES (INDIA)  
LIMITED**

Your Directors have great pleasure in presenting the Thirty First Annual Report on the business and operations of your Company, together with the audited financial statements for the year ended March 31, 2010.

**1.0 AUDITED FINANCIAL STATEMENTS:**

**1.1 Summarised Audited Financial Results –**

**(Amounts in Thousands  
of Indian Rupees except EPS)**

	<b>2009-10</b>	<b>2008-09</b>	<b>Variation year on year (%)</b>
Revenues	<b>5,32,47,63</b>	3,43,97,66	<b>54.80</b>
Gross operating profit	<b>1,16,18,10</b>	1,20,61,37	<b>- 3.68</b>
Net operating profit	<b>88,41,71</b>	59,17,50	<b>49.42</b>
Profit before interest and depreciation	<b>85,62,83</b>	73,44,51	<b>16.59</b>
Profit before tax	<b>70,63,77</b>	55,40,67	<b>27.49</b>
Net profit after tax	<b>46,64,08</b>	40,01,22	<b>16.57</b>
Earnings per share			
- Basic	<b>32.36</b>	29.88	<b>8.30</b>
- Diluted	<b>30.29</b>	25.43	<b>19.11</b>

Your Company has continued to achieve remarkable growth in turnover and profits, justifying Management's decision to focus on the growing offshore EPC market. This growth has been achieved despite not being able to book additional revenues arising out of potential change orders as more fully explained in Para 1.3 below.

In May 2009, the Board of Directors recommended the issue of 2 bonus shares for every 5 shares held through the capitalisation of free reserves. Consequently, the paid up capital of your Company increased from Rs 9.56 crores to Rs 13.39 crores.

Further, during the year, Foreign Currency Convertible Bonds of face value of USD 8.398 million have been converted into 23.67 lacs equity shares of Rs 10/- each. As a

result, the share capital has increased to Rs 15.76 crores. The value of FCCBs outstanding as at March 31, 2010 is Rs 16.19 crores (2009: Rs 53.93 crores) which will either be converted or redeemed by December 2010.

**1.2 Dividend -**

For the year 2009–10, the Board of Directors is pleased to recommend a final dividend of Rs 1.50 per equity share of Rs 10.00 each, which will result in a total outlay of Rs 2.36 crores towards dividend and Rs 0.40 crores towards tax on dividends. Thus total dividend paid for the year would amount to Rs 3.00 per equity share of Rs 10.00 each (2009: Rs 3.00) and total outlay will be Rs. 4.61 crores on dividend and Rs. 0.78 crores on tax on dividend.

**1.3 Matters Arising Out Of The Auditors' Report –**

While executing its EPC contracts, there has been a significant increase in the total scope of work undertaken by your Company. In addition, your Company also has additional claims for standby charges and delays not attributable to your Company. Your Company is unable to recognise the additional revenues for these claims until the Change Orders have been finalised and accepted by the Client. As per Client's Operating procedure the Client will only finalise these Change Orders once the contracts have been completed. Accordingly, no revenue has been booked for these change orders during the year, although all expenses incurred have been booked.

In addition to the extra claims, your Company will also be entitled to an extension of contract completion dates. Accordingly, management believes that there is no requirement to provide for liquidated damages of Rs 23.89 crores as the actual levy of liquidated damages to be imposed will be significantly reduced, and furthermore, will be less than the amount of change orders expected.

The Auditors have qualified their opinion on the non provision of liquidated damages of Rs 23.89 crores.



## **2.0 MANAGEMENT'S DISCUSSIONS AND ANALYSIS:**

### **2.1 Industry Trends and Developments –**

The year 2008 saw the global economy heading into recession with the real global economic growth declining from 3.9% to 1.7% and in 2009 to -2.2% (source: World Bank Report Global Economic Prospects 2010 : Crisis, Finance and Growth published on January 21, 2010). This crisis would have been significantly worse but for the GDP growths recorded by China, India and other Asian economies. The worst affected economies have been the developed economies.

As economies have begun to stabilise, particularly on the back of Government introduced fiscal and monetary policies, the prospects for 2010 are brighter with an anticipated real GDP growth of 2.7%. However, global economies continue to be in a fragile state and remain vulnerable to any major global incident which could cause them to fall into recession again. Much will depend on how the current Euro crisis is handled and resolved.

Consequent to these global developments, consumption of crude oil reduced in 2009 by 1.9 million barrels per day to 84.10 mb/d, but is expected to increase to 85.2 mb/d in 2010. Similarly, the consumption of natural gas has also declined by 1.3% in 2009, but is expected to increase by 0.6% in 2010 (source: US Energy Information Agency). This increase in demand is mainly expected to arise from the Developing nations, including China.

With the fall in demand, oil and gas producers have also reduced their production levels, and have also reduced the amount of oil and gas being offered to the market, thereby resulting in a build up of stocks. The price of crude has therefore moved upwards from a low of USD 34.57 per barrel for the week ending January 2, 2009 to end the year at USD 75.55 for the week ended January 1, 2010. Crude oil hit its highest level of USD 76.50 during the week ended November 20, 2010. Gas prices have moved similarly during the year.

As a result of these factors, the global exploration and production activities have been low, and this problem has been compounded by the fact that many new high cost assets which entered the market during the boom period up to 2008 are now idle. This has resulted in the softening of rates, particularly for drilling units and vessels.

Despite anticipated growth in consumption in 2010 following revival of some economies, it is unlikely that there will be an increase in exploration and production activities as this increase in demand is expected to be met through the large stock of crude and gas currently head. Hence, price of crude is expected to be fairly stable within a band of USD 65 to USD 85 per barrel.

### **2.2 The year in perspective –**

Your Company achieved its highest turnover in its history, crossing the Rs 500 crores turnover. A large portion of revenues were earned from the EPC contracts being executed by your Company on the Revamp of the NQD Process Complex and the ICP Process Complex. These contracts, valued at an initial price of Rs 316 crores, are the first contracts being executed by your Company as an independent contractor.

These two Revamp contracts were due to be completed by December 31, 2009. However due to the need to undertake significant extra work, and due to standby and other delays not attributable to your Company, as more fully explained in Para 2.1 above, your Company had achieved approximately 98% completion as at March 31, 2010.

In addition to these Revamp contracts, your Company has also been very active working as diving subcontractors to Leighton and Punj Loyd on their pipe laying contracts with ONGC. All your Company's diving assets and vessels were fully deployed during the working season in Mumbai High.

However, due to the slowing down of activities in other markets, and the ready availability of assets locally, it was not cost





effective for your Company to market its services, particularly diving and underwater services, in the Middle East or South East Asia during the monsoon period, as had been done in the previous year. Our potential clients were not willing to absorb the mobilisation costs for the limited period of the monsoons, and your Company was unable to provide its assets for a longer duration due to prior commitments in the Indian market in the post monsoon period.

During the year, your Company's wholly owned subsidiary, Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd. (hereinafter referred to as DOEMPL) acquired a brand new 45 ton bollard pull Anchor Handling and Towing Tug on a five year bareboat cum demise charter basis, at the end of which it will acquire ownership of the vessel on payment of a nominal amount.

In addition, DOEMPL took delivery of its first workboat, the MV Beas Dolphin on December 22, 2009 from Alcock Ashdown (Gujarat) Ltd. This is the Dolphin Group's first custom built vessel.

Both these vessels have been put to immediate use and have been performing well.

With regard to the order book position, it has been a rather lean year with your Company not winning any new EPC contracts. Most of the EPC contracts that were floated and awarded by ONGC this year were for Greenfield projects involving the fabrication and installation of platforms and / or laying of new pipeline. As your Company does not own a fabrication yard big enough to undertake the fabrication of platforms nor owns a heavy lift and / or pipelay barge, your Company has had no competitive advantage in the tenders.

Your Company has however, been awarded a turnkey subcontract by Instrumentation Ltd. to carry out modifications on 27 Platforms for Modular Rigs at a price of Rs. 139 crores, as well as other diving and underwater subcontracts. The order book position of your Company as at March 31, 2010 stood at Rs 235 crores (2009: Rs 318 crores).

### **2.3 Future Prospects –**

E&P activities continue to remain robust in the offshore Indian market, being led by ONGC in the shallow water and Reliance in the deepwater. ONGC has been investing a lot of money into its fields in order to maintain / increase production levels and to increase reserves.

During 2009 – 10, ONGC's production declined marginally to 47.72 million tonnes of oil equivalent as compared to 47.85 mtoe in 2009 while ultimate reserve accretion increased from 68.92 mtoe in 2008 - 09 to 82.98 mtoe in 2009-10. ONGC's total reserves are estimated at 1,619.25 mtoe (at 3P) as at March 31, 2010.

According to investment plans announced by ONGC, they will be investing on the average between USD 3 to 4 billion per annum on EPC work over the next four to five years. During 2009 – 10, ONGC have awarded tenders (all green field projects) worth approximately Rs 22,000 crores. Further, ONGC is likely to float new tenders worth approximately Rs 9,000 crores during this year. About half of these tenders will be for Brownfield projects similar to the Revamp, Barge Bumper or Clamp-on projects executed by your Company earlier.

During this year, your Company is also expecting delivery of its second Work Boat, Betwa Dolphin, and its dynamically positioned construction barge, Vikrant Dolphin. Both these vessels are expected to join the fleet by November 2010.

Simultaneously, your Company is also looking at a geographical expansion of its markets into the Middle East and South East Asia. Your Company is in the process of tying up business arrangements with local companies in these markets, and is hopeful of being able to get long term work in these markets from Financial Year 2011 – 12 onwards.

Given, the current level of activities being undertaken by ONGC as well as the new tender being floated, your Company is



optimistic that this year, despite a slow beginning, will end on a high note and that growth will continue to be witnessed.

## **2.4 Business Risks and Management's assessments -**

### **2.4.1 Increased international competition:**

As the Indian offshore oil and gas market continues to be one of the few markets that have remained vibrant, there are many international oil and gas companies that have shifted their focus to the Indian market. While there were only three or four bidders participating in ONGC's EPC contracts earlier, now there are about ten to twelve parties bidding. Most of the new entrants into this market are foreign companies who have either come in on their own or in consortium with other Indian companies.

Further, as some of these companies have idle resources, they have been bidding at very competitive prices and have been successful in getting orders from ONGC. This in turn is putting pressure on margins for other jobs.

However, given the quantum of work being undertaken by ONGC, there will still be business opportunities for other companies. However, there will be some pressure on margins, and those companies who have competitive advantages under particular tenders will be successful. Your Company still believes that it has significant competitive advantages in undertaken Brownfield projects, and hence believes that it will be able to handle increased competition in these projects even though it has been successful in the Greenfield projects.

### **2.4.2 Pressure on margins:**

The first oil crash took place in the early 1980s, during which a number of service providers were forced to

file for bankruptcy as they had invested in new and expensive assets when suddenly the market crashed. They were unable to find markets for their new assets and were therefore unable to service their loans. Thereafter, investments in assets were limited. For example in 2007, about 60% of all offshore vessels were over 20 years old while 50% of the fleet were over 25 years old.

Thereafter following the boom in oil prices in the early 2000s, major investments began to flow again and a lot of new drilling rigs, vessels, diving systems etc. have entered the market. Following the crash in oil prices in mid 2008, there are a number of idle assets now. However, while there was a decrease in prices, prices remained relatively firm as the older assets were slowly pushed out of the market.

However, as the level of activities have remained low, and are not showing signs of a major increase over the next year or so, it is likely that prices may begin to soften, and competitors will be willing to offer lower rates. This in turn will result in pressure on margins as your Company will also have to reduce its rates in order to remain competitive.

While there is no doubt that there will be a softening in rates, margins are expected to remain fairly secure, especially on a consolidated basis, as input costs are also decreasing and also because your Company is increasing its reliance on its owned marine spread.

### **2.4.3 Predominance of a single customer:**

The Indian offshore oil and gas industry, and therefore your Company's customer base, is currently dominated by ONGCL as they continue to be the major player. Accordingly, business opportunities for your Company will be highly



dependent on the decisions and plans of ONGCL, especially their policy on nominating work to other public sector companies, and the timing and terms and conditions of their tenders.

Your Company has been operating in such an environment since its incorporation and is aware of the risks involved, and will concentrate on developing its reputation as a good reliable and efficient service provider. Further, your Company is recognised as one of the leading offshore contractors, and has been working as sub-contractors to a number of large contractors, including public sector companies, who have been awarded work by ONGCL on nomination basis.

It may also be noted that this is a common phenomena in the global oil and gas industry as more than 88% of the existing proven reserves of oil and gas are controlled by Government owned companies.

The Government's liberalisation policy has also enabled other companies to take over the development of some oil and gas fields and this widens the customer base for your Company. Nearly 40% of the total area in India under exploration and production are with the private sector. As the private sector oil and gas companies move towards production activities, the client base of your Company will also grow.

#### **2.4.4 Contractual nature of business:**

Most of your Company's revenues are now earned on turnkey construction / modification contracts. This has led to some fluctuations in the year to year revenues, and resultant profits, as revenues can now be recognized only when contracts are completed in total, or specifically identified milestones have been achieved as against a per diem revenue recognition that was possible under

the vessel management contracts in earlier years.

Further, the order book position of your Company is also dependent on the schedule and timing of award of contracts by its clients.

This problem is compounded by the fact your Company's year end is March 31, which is in the middle of the working season in Mumbai High, which ends around May 31.

However, these fluctuations are only expected to be timing difference, which will even out over a period of time. These fluctuations in reported revenues and profits would not affect the overall revenue earning and profit making capacity of your Company.

#### **2.5 Internal Control Systems and their adequacy –**

Your Company has adequate internal control systems in place. With a view to monitor your Company's performance as well as to make sure that internal checks and controls are operating properly, your Company has appointed two external firms of Chartered Accountants as Internal Auditors. The Audit Committee of the Board considers the reports of these Internal Auditors. The Audit Committee ensures that internal control systems are adequate and working effectively.

#### **2.6 Human Resources and Industrial Relations -**

The Board wishes to express its deep appreciation to all employees in your Company for their contributions to your Company during the year. Harmonious relations continued to prevail in the organization, strengthening the well-established traditions of fairness in dealings and commitment to the future growth of employees through sustained growth of your Company.

#### **3.0 DUTY CREDIT ENTITLEMENT:**

As a result of its foreign exchange earnings, your Company is entitled to receive Duty Credit



Entitlement certificates equal to 10% of its realised foreign exchange earnings or deemed export earnings. During the financial year, your Company has submitted applications for issue of Duty Credit Entitlement certificates worth Rs 30.83 crores (2009: Rs 17.65 crores), and has received certificates worth Rs 21.35 crores (2009: Rs Nil crores).

Due to its high foreign exchange / deemed export earnings; your Company has been awarded with the status of a Three Star Export House. This recognition by the Directorate General of Foreign Trade will help ease procedural requirements for imports and exports.

These certificates, which are awarded to actual users, can be used in lieu of payment of customs duty and / or excise duties on the import of capital goods, spares and consumables that your Company may require in the normal course of its business.

As a result of this entitlement, your Company will be able to reduce its capital and operating expenditure and this in turn will enable your Company to improve its profit margins.

#### **4.0 ISO 9002 CERTIFICATION:**

ISO 9002 Certification has been renewed through the American Bureau of Shipping [ABS] for the following services:

- Marine management of vessels
- Diving and underwater engineering
- Management of fabrication and offshore turnkey projects
- Ship repairs

The Board would like to acknowledge the efforts and dedication of all employees in implementing and maintaining the high quality standards that your Company has set for itself.

#### **5.0 DIRECTORS:**

##### **5.1 Directors retiring by rotation -**

Mr. S. Venkiteswaran and Mr. Arvind K. Parikh are due to retire by rotation, and being eligible, offer themselves for re-appointment. Your Directors recommend their reappointment.

#### **6.0 AUDITORS:**

M/s. Haribhakti and Co. retires as Auditors of your Company at the end of the forthcoming Annual General Meeting, and are eligible for re-appointment. Your Directors recommend their re-appointment.

#### **7.0 FIXED DEPOSITS:**

Your Company has not invited and accepted any Fixed Deposits from the public within the meaning of Section 58A of the Companies Act, 1956. As at March 31, 2010, your Company had accepted Fixed Deposits of Rs 0.90 crores (2009 – Rs 0.55 crores) from shareholders and others. There are no deposits that are due to have been repaid, nor any interest due, which have not been paid.

#### **8.0 SUBSIDIARY COMPANIES:**

In terms of approval granted by the Central Government under section 212(8) of the Companies Act, 1956, a summarized statement of financial data on the subsidiaries of your Company has been enclosed with this Annual Report in lieu of the audited financial statements. However, any member who is interested in obtaining copies of the audited financial statements of the subsidiaries may contact the Company Secretary.

The Consolidated Financial Statements of your Company and its subsidiaries, prepared in accordance with Accounting Standard AS - 21 prescribed by The Institute of Chartered Accountants of India, form part of this Annual Report.

The Statement pursuant to Section 212 of the Companies Act, 1956 containing details of your Company's subsidiaries is also attached.

#### **9.0 FOREIGN EXCHANGE RECEIPTS AND EXPENDITURE:**

During the year ended March 31, 2010, your Company's foreign exchange receipts and expenditure was as follows:

**(Amounts in Thousands  
of Indian Rupees)**

	<b>2009-10</b>	<b>2008-09</b>
<b>Receipts</b>		
Contract revenues	3,65,27,12	3,26,19,89
Interest received	-	71,45
	<u>3,65,27,12</u>	<u>3,26,91,34</u>





(Amounts in Thousands  
of Indian Rupees)

	2009-10	2008-09
<b>Expenditure</b>		
Plant & machinery	51,17	21,64
Foreign subcontractors	6,53,09	5,30,31
Vessel charter & related expenses	29,34,27	26,51,81
Advance to wholly owned subsidiary	16,84,55	15,92,81
Equipment related expenses	63,70	98,31
Materials, stores and spares	42,37,73	2,30,87
Foreign travel	64,09	59,34
Other matters	97,40	1,06,15
	<b>97,86,00</b>	<b>52,91,24</b>

#### 10.0 DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA), which was introduced by the Companies (Amendment) Act, 2000, your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors had selected such accounting policies and, except as may be required in order to comply with newly introduced/modified accounting standards, applied them consistently, over the years and made judgments and estimates that are reasonable and prudent so as to give a true and fair review of the state of affairs of your Company as at March 31, 2010 and of the profit of the Company for the year then ended;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the financial statements have been prepared on a going concern basis.

#### 11.0 PARTICULARS OF EMPLOYEES:

The information in accordance with Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in a separate statement and forms part of this Report. However, this statement is not being enclosed in the copy of the Annual Report being circulated to all the members as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956. However, any member interested in obtaining a copy of this statement may contact the Company Secretary.

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

Particulars under Companies (Disclosure of Particulars in The Report of the Board of Directors) Rules, 1988 on conservation of energy and technology absorption are not applicable and hence no disclosure is being made in this Report.

#### 13.0 CORPORATE GOVERNANCE REPORT:

Corporate Governance Report is attached by way of Annexure 'A' to this Report.

#### 14.0 ACKNOWLEDGEMENTS:

Your Directors wish to place on record the whole hearted co-operation your Company has received from its Clients, Bankers, Financial institutions and the Central and State Government authorities, shareholders, suppliers and others during the year.

**For DOLPHIN OFFSHORE ENTERPRISES (INDIA)  
LIMITED**

**Rear Admiral Kirpal Singh  
Executive Chairman**

Place : Mumbai  
Date : May 21, 2010



## **AUDITORS' REPORT**

**To**

**The Members of Dolphin Offshore Enterprises  
(India) Limited**

1. We have audited the attached Balance Sheet of Dolphin Offshore Enterprises (India) Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
  - i. 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;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account 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.
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. Without qualifying our opinion, attention is invited to Note no. "P (b)" of Schedule 18 - to Notes to accounts with regard to long outstanding sundry debtors of Rs. 47.90 Crores, which has been considered by the management as good and recoverable.
  - vii. As stated in Note no. "P (c)" of Schedule 18 - to Notes to accounts, no provision is made for liquidated damages amounting to Rs 23.89 Crores for reasons stated therein. Consequently, profit for the year and reserves and surplus are overstated by such amount.
  - viii. Subject to our observation at point (vii) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required, and also 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, 2010;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For Haribhakti & Co.**  
Chartered Accountants  
FRN No.103523W

Chetan Desai  
Partner  
Membership No. : 17000

Place : Mumbai  
Date : May 21, 2010



**ANNEXURE TO AUDITORS' REPORT**

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Dolphin Offshore Enterprises (India) Limited on the financial statements for the year ended March 31, 2010.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) As per the information and explanation given to us, the Company does not hold any inventory. Accordingly, the provisions of Clause (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iii) (a) The Company has granted unsecured interest free loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.7285.26 Lacs and the year end balance of loan granted to such party was Rs. 7285.26 Lacs.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan given are not, prima facie, prejudicial to the interest of the Company.
- (c) As regards repayment of principal, no amount was stipulated for repayment during the year.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301, of the Companies Act, 1956.
- (e) The Company had taken loan from eleven parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 205.15 Lacs and year end balance of loans taken from such parties are Rs. 205.15 Lacs.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to fixed assets and for services rendered. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us, the



Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the activity of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they become payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-

tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	24.94 Lacs	2005-06	ITAT

- (x) In our opinion, the Company does not have accumulated losses as on March 31, 2010. Further, the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) We are of the opinion that the Company is not required to maintain adequate records as the Company has not granted loans and advances on the basis of security by way of pledge or shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.





**DOLPHIN OFFSHORE  
ENTERPRISES (INDIA) LTD.**

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) During the course of our examination of the books and records of the Company carried out in

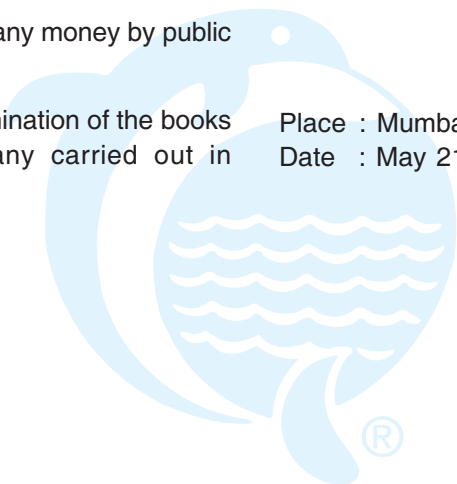
accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**  
Chartered Accountants  
FRN No.103523W

Chetan Desai  
Partner  
Membership No. : 17000

Place : Mumbai

Date : May 21, 2010





**CORPORATE GOVERNANCE REPORT**

**COMPANY'S GOVERNANCE PHILOSOPHY**

The Company believes that, sound corporate practices based on fairness, transparency and accountability are essential for its sustained long-term growth. It is in recognition of such requirements that the Company adopted good governance principles and practices, by order to achieve its objectives and also help to build confidence of the shareholders in the Management of the Company.

**1.0 BOARD OF DIRECTORS**

The Board consisted of ten (10) Directors as on March 31, 2010.

**1.1 COMPOSITION, CATEGORY OF DIRECTORS AND OTHER DIRECTORSHIP DETAILS ARE AS FOLLOWS:**

Category Designation	No. of outside Directorships and Committee Memberships/Chairmanships			
	Public Companies	Private Companies	Committee Membership	Committee Chairmanship
<b>PROMOTER/ EXECUTIVE DIRECTORS</b>				
Rear Admiral Kirpal Singh, EC	3	—	—	—
Mr. Satpal Singh, MD	5	5	—	—
Mr. Navpreet Singh, JMD	5	2	—	—
<b>PROMOTER/NON-EXECUTIVE DIRECTOR</b>				
Mrs. Manjit Kirpal Singh	2	—	—	—
<b>INDEPENDENT/NON-EXECUTIVE DIRECTOR</b>				
Mr. S. Sundar	5	—	—	—
Mr. S. Venkiteswaran, VC	6	2	6	—
Mr. Arvind K Parikh	—	—	—	—
Mr. Bipin R. Shah	3	2	2	1
Mr. Robert D. Petty	18	17	1	—
Dr. Faqir Chand Kohli	4	1	—	—

**EC** - Executive Chairman

**MD** - Managing Director

**JMD** - Joint Managing Director

**VC** - Vice Chairman

None of the Directors is a member of more than ten Board-level committees or Chairman of more than five such committees, as required under Clause 49 of the listing agreement.

**DISCLOSURE REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS**

Articles of Association of the Company provides that at every Annual General Meeting of the Company one-third of the directors for the time being are liable to retire by rotation or, if their number is not three or multiple of three, the number nearest to one-third shall retire from office.

Mr. S. Venkiteswaran and Mr. Arvind K. Parikh, Directors, who retire by rotation and being eligible, offer themselves for re-appointment.



**Given below are the abbreviated resumes of the Directors of the Company:**

**REAR ADMIRAL KIRPAL SINGH**

Rear Admiral Kirpal Singh, Executive Chairman of the Company, is the Chief Promoter of the Company.

He joined the Indian Navy in 1943 and received his initial training with the Royal Navy from 1943 to 1946. He saw active service on Russian Convoys and the Okinawa campaign during World War II.

He has held many important appointments during his Naval career. He commanded various ships and establishments, including the aircraft carrier VIKRANT and the Western Fleet. His other appointments included ADC to Shri C. Rajagopalachari, Deputy Naval Advisor to the Indian High Commissioner in U.K., Director of Personnel at Naval Headquarters and Director General Naval Dockyard Expansion Scheme Bombay.

He is a graduate of the Defence Services Staff College, India, Joint Services Staff College, UK and the Royal College of Defence Studies, London.

He was awarded the Ati Vashist Seva Medal in 1968 for his contribution to Human Resource Development of the Navy.

After retiring from the Navy, he was representative of Balfour Beatty Engineering Ltd. UK, in India for two years before promoting Dolphin Offshore Enterprises (India) Ltd.

He is a Director in Dolphin Offshore Projects Ltd., Kanika Shipping Ltd. and Dolphin Offshore Shipping Ltd. (formerly known as "Procyon Offshore Services Ltd.")

He is the Chairman of Managing Committee and a Member of Share Transfer Committee.

**MRS. MANJIT KIRPAL SINGH**

Mrs. Manjit Kirpal Singh is the daughter of the late Sardar Uttam Singh Dugal, MP. She is a B.A. graduate from the Inderprastha College, New Delhi and married, then Lieutenant Commander Kirpal Singh, in 1953. As her husband rose in rank in the Navy, she took an active interest in social and welfare activities pertaining to sailors and their families.

Mrs. Manjit Kirpal Singh is one of the original directors of the Company. In the initial stages,

she looked after the entire finance and administration functions of the Company as well as supervising the operations in the absence of the Managing Director. She retired as a whole time Director of the Company in 1994, but continues to serve on the Board.

She is a Director in Dolphin Offshore Projects Ltd. and Kanika Shipping Ltd.

She is a member of the Audit Committee.

**MR. S. VENKITESWARAN**

Mr S. Venkiteswaran was enrolled to practice in the Bombay High Court in 1962 and after a few years in the trial courts [both criminal and commercial], he specialised exclusively in maritime and aviation related commercial disputes.

He has also been associated with several international shipping litigations and arbitrations and has also appeared as an expert witness on Indian law in Arbitration and Court proceedings overseas. He has also presented papers at various seminars in India and abroad.

He has been a member of the Perspective Planning Group for Ports at the Turn of the Century, constituted by the Planning Commission of India. He was also a member of the Committee constituted for updating the laws relating to Admiralty.

He is currently the Chairman of the Board of Directors of Pandi Correspondents Pvt. Ltd., who are the Indian Correspondents for UK, Britannia, London, TT, ITIC, SKULD and South of England P&I Clubs. He is on the Board of Directors of the Mundra Port & Special Economic Zone Ltd., Indian Register of Shipping, National Securities Clearing Corporation Ltd, Mahagujarat Chamunda Cements Company Pvt. Ltd., Pipavav Shipyard Limited and the Clearing Corporation of India Ltd.

He is the:

1. Member of the Audit Committee, Bye-laws, Rules & Regulations Committee, Capital Expenditure Approval Committee, Committee of Directors on HR, Personnel & Organisational matters of the Clearing Corporation of India Limited.
2. Member, Audit Committee & Committee for Declaration of Defaults of the National Securities Clearing Corporation Ltd.,





3. Chairman, Remuneration Committee & Member of Audit Committee, Shareholders & Investors Grievance Committee, Finance Committee, Committee of Independent of Pipavav Shipyard Ltd.
4. Member of Remuneration Committee, Audit Committee and Finance Committee of Mundra Port And Special Economic Zone Ltd.
5. Member of Remuneration / Compensation Committee & Committee of Directors for Acquisition of Properties of Indian Register of Shipping.

He is also the Chairman, Board of Trustees of the Bombay Tamil Sangham and Maker Chambers III Premises Co.-Op. Society Ltd., a Trustee on the Board of Trustees of Sri Shanmukhananda Fine Arts & Sangeetha Sabha and the President of the Bombay Keraleeya Samaj, a Member of Expert Group on Air Transprot, International Chamber of Commerce, Paris, France. Board of Governors, Indian Institute of Maritime Studies. Member, Governing Council, Samundra Institute of Maritime Studies Trust.

He is the Chairman of the Remuneration Committee and a Member of the Audit Committee.

He is the Chairman and also the Member of the Audit Committee of Dolphin Offshore Shipping Ltd., (formerly known as "Procyon Offshore Services Ltd.") a Wholly Owned Subsidiary of the Company.

#### **MR. ARVIND K. PARIKH**

After obtaining his Bachelor of Commerce Degree from the Bombay University, Mr. Parikh joined Cambridge University for his Master of Arts Degree. Thereafter, he qualified as a Barrister-at-Law from the Lincoln's Inn, London.

On his return from the U.K. in 1949, he joined Burmah Shell Oil Storage and Distributing Company Ltd., where he held many posts at various levels. In 1969, he was elevated to the post of Administration [Personnel], Marketing, Supply and Distribution at the Board level. He retired in 1976 as Deputy to the Chief Executive. Thereafter, he was Shell Petroleum Company Ltd., London's Representative in India and as the Resident Director in India of Shell Company of India Ltd., London till 1988. He was a Director of the Burmah Shell Refineries Ltd. till 1976.

After his retirement in 1988, he was on the Board of many prestigious Indian Companies such as

Mafatlal Fine Spinning & Weaving Co. Ltd., Bhansali Engineering Co. Ltd. Gujarat Gas Company Ltd., Mupnar Films [Polypropylene] Ltd. and Great Eastern Shipping Co. Ltd. Presently, he is the Managing Trustee of the Cambridge Society Bombay Scholarship Fund.

He is the Chairman of Shareholders / Investors Grievance Committee and a Member of Audit Committee, Managing Committee and Remuneration Committee.

#### **MR. S. SUNDAR**

Mr. Sanjivi Sundar is currently NTPC Chair Professor in Regulatory Studies in the TERI University and a Distinguished Fellow at The Energy and Resources Institute (TERI).

Mr. Sundar joined the Indian Administrative Service in 1963 and has held several senior positions in the State of Gujarat and in the Government of India. He was also with the Commonwealth Secretariat in London for 8 years, first as Special Advisor (International Finance) and then as Director of the Economic and Legal Advisory Services Division, which is the consulting arm of the Commonwealth Secretariat. He was Finance Director of one of India's blue chip companies, the Gujarat Narmada Valley Fertilizer Company, a Joint Secretary in the Department of Economic Affairs in the Government of India, Finance Secretary to the Government of Gujarat and Secretary to the Government of India, Department of Tourism. His last assignment in the Government of India was as Secretary in the Ministry of Surface Transport when he spearheaded major reforms in the port and road sectors.

He was on the Faculty of the South Asian Forum for Infrastructure Regulation (SAFIR) and was a Distinguished Visiting Professor at the Faculty of Law, University of Toronto, Canada. He is a member of the International Expert Group set up by The World Bank and DfID on "Better Regulation for Growth". He is also a member of the Governing Council and Management Committee of the CUTs Center for Infrastructure Regulation and Competition. He has chaired important Committees set up by the Government of India including the National Committee on Road Safety and Traffic Management.

He is a Non – Executive Chairman, Chairman Finance Committee & Chairman Remuneration Committee in Horizon Infrastructure Ltd.,



Chairman Remuneration Committee in Nandi Infrastructure Corridor Enterprises Ltd. and a Director in Nandi Highway Developers Ltd. Nandi Economic Corridor Enterprises Ltd. and JPT Securities Ltd.

He chairs the Audit Committee and is also a Member of the Remuneration Committee.

**MR. BIPIN R. SHAH**

Mr. Bipin R. Shah is a B.Com, from Bombay University and a member of The Institute of Chartered Accountants of India.

In 1956, he joined Hindustan Lever (subsidiary of Unilever) as Management Trainee.

He became a Director of Hindustan Lever Ltd. in 1979. In that capacity, he was responsible for Foods, Animal Feeds, Agri Product and Export Business.

In 1981, he was assigned the additional responsibility of being Chairman of another Unilever subsidiary Lipton India Ltd., which was facing considerable losses and financial crisis. Mr. Shah managed not only to turn around the company but also to restore the confidence of the shareholders and the employees.

In addition to Lipton responsibilities, Mr. Shah was also Chairman of Export Business of four Unilever Companies in India viz. Hindustan Lever Ltd., Lipton India Ltd., Brooke Bond India Ltd. and Ponds India Ltd.

In 1989, he attended Senior Executive Programme conducted by Sloan School of Business, Massachusetts Institute of Technology at Boston, USA.

He serves on the Board of Kotak Mahindra Asset Management Company Ltd; Dolphin Offshore Shipping Ltd. (formerly known as "Procyon Offshore Services Ltd.") Jyothy Laboratories Ltd., and ITTI Pvt. Ltd., Global Pharmatech Pvt. Ltd.

He is also the Chairman of Audit Committee of Marico Industries Ltd. and a member of Audit Committee of ITTI Pvt. Ltd. and Kotak Mahindra Asset Management Company Ltd.

He is also a member of ESOP Committee and Compensation Committee of ITTI Pvt. Ltd.

He is a member of the Audit Committee and Shareholders / Investors Grievance Committee.

He is the Chairman of Audit Committee of Dolphin Offshore Shipping Ltd. (formerly known as

"Procyon Offshore Services Ltd.") a Wholly Owned Subsidiary of the Company.

**MR. SATPAL SINGH**

Mr. Satpal Singh qualified as a civil engineer, specialising in the design of offshore structures from the Indian Institute of Technology, at Powai, Mumbai in 1980.

During the period he has been working with the Company, he has attended various courses such as the Diving Orientation Course conducted by Taylor Diving & Salvage Co. Inc. in 1981, Rig Manager's Drilling Course, conducted by Global Marine and the Oil Based Drilling Mud course conducted by N. L. Baroid in 1989. He has also done courses in safety, welding, quality, etc.

He is a member of FICCI's Energy Council.

Besides, being the Chief Executive Officer of the Company, he is also responsible for all technical functions including Operations/ Project Execution, Marketing and Quality Assurance.

He is a Managing Director of Global Dolphin Drilling Company Limited and a Director in Kanika Shipping Limited, Dolphin Offshore Projects Limited, Bioseek Diabetes Care (India) Pvt. Limited, Permastelisa (India) Pvt. Ltd., ECIE Impact Pvt. Ltd., Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd., Dolphin International Risk Services Ltd., Dolphin Offshore Shipping Ltd. (Formerly known as "Procyon Offshore Shipping Ltd.") and IMPaC Oil & Gas Engineering (India) Pvt. Ltd.

He is a member of Managing Committee and Share Transfer Committee.

**MR. NAVPREET SINGH**

Mr. Navpreet Singh is a B. Com graduate from Bombay University and a member of Institute of Chartered Accountants of India.

After graduating from Sydenham College in 1984, he joined Arthur Andersen & Co. During his first eighteen months with AA & Co., he received extensive training in accounting, auditing, tax, various commercial laws, computer software and various aspects of financial management. He later worked in the Financial Consultancy Services group, which specialised in audits and financial consulting.

During his career with AA & Co., he handled many diverse assignments such as purchase acquisition review, inventory management,



preparation of internal control manuals, review and designing of internal control systems, profit improvement projects in addition to normal audits. He has also been a member of the faculty at the Firm wide Audit Staff Training School, conducted in Spain for all new recruits in Europe and India on various occasion.

Mr. Navpreet Singh left AA & Co in December 1989 when he joined Dolphin Offshore as a Director – Finance.

He is the Managing Director of Dolphin Offshore Shipping Ltd. (formerly known as “Procyon Offshore Services Ltd.”) and a Director in Kanika Shipping Limited, Dolphin Offshore Projects Limited, Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd., Global Dolphin Drilling Company Limited, Dolphin International Risk Services Limited and IMPaC Oil & Gas Engineering (India) Pvt. Ltd.

He is a member of Managing Committee, Shareholders / Investors Grievance Committee and Share Transfer Committee.

#### **MR. ROBERT D. PETTY**

Mr. Robert Petty is the Managing Partner of Clearwater Capital Partners and a member of the firm’s Investment Committee. Based in New York, Mr. Petty’s principal responsibilities encompass portfolio management, trading and sourcing.

Prior to founding Clearwater in 2001, Mr. Petty garnered twenty-three years of experience while holding several positions of increasing responsibility at Amroc Investments LLC, Peregrine Fixed Income Ltd, and thirteen years with Lehman Brothers Holdings, Inc. In his roles, he was a capital committer in credit instruments from Asia to Europe including corporate bonds, loans and private placements.

Since inception of the firm, Mr. Petty and his partners, Amit Gupta and Bruno Beuque, have utilized their management expertise to invest profitably, fueling the growth of assets under management as well as firm infrastructure. Clearwater currently manages \$1.7 billion in assets across four funds and boasts 86 team members across eight locations: New York, Beijing, Hanoi, Hong Kong, Mumbai, Munich, Seoul and Singapore.

Mr. Petty holds a B.A. in Political Science from Brown University. Mr. Petty is 48 years old and resides in New York with his wife and three children. He is a member of the Audit and

Remuneration Committee of Jamna Auto Industries Limited.

He is a Director in Clearwater Capital Partners Hong Kong Ltd., Clearwater Capital Partners Singapore Pte Ltd., Clearwater Capital Partners Korea Ltd., Nimbus Investments Ltd., Clearwater Capital Partners Cyprus Ltd., Clearwater Capital GP Ltd., Clearwater Capital Partners Holding, LLC, Clearwater Capital Partners Narmada Ltd., Clearwater Capital Partners Opportunities Fund (Cayman) Ltd., Clearwater Capital Partners Fund II (Cayman) Ltd., Asian Development Finance Ltd., Snow Investments (Singapore) Pte Ltd., Stream Investments Private Ltd., Funny Investments Holding Ltd., Fraseville Investments Pte. Ltd., Stream II Investments Private Ltd., Columbus Investments Pte Ltd., Whitesand Investments Ltd., Clearwater Capital Partners Singapore ADF Fund Private Ltd., Clearwater Capital Partners Singapore Fund II Private Ltd., Clearwater Capital Partners Singapore Fund III Private Ltd., Clearwater Capital Partners Singapore Fund III (Annex) Private Ltd., Clearwater Capital Partners Singapore Opportunities Fund Private Ltd., Siling Lake Investments Private Ltd., Beaumaris Investments Ltd., Clearwater Capital Consulting (Beijing) Pte Ltd., Clearwater Capital Partners India Private Ltd., Impian Eraria Sdn Bhd, Jamna Auto Industries Ltd., Clearwater Capital Lunar Holdings Ltd., Pacnet International Ltd. and Pancet Holdings Ltd.

#### **DR. FAQIR CHAND KOHLI**

Born in Peshawar (Pakistan), Dr. Kohli completed his schooling and matriculation in Peshawar. He obtained BA and B.Sc. (Hons.) degrees from Punjab University - Government College, Lahore. Thereafter, he went to Queen’s University, Canada and received his B.Sc. (Hons.) degree in Electrical Engineering in 1948. He worked with the Canadian General Electric Company for a year, and proceeded to the Massachusetts Institute of Technology, Cambridge, USA, where he received his MS degree in Electrical Engineering. In the latter part of 1950 and early 1951, he worked with Ebasco International Corporation, New York Connecticut Valley Power Exchange, Hartford; and with New England Power System, Boston for training in Power System Operation Planning.

He returned to India in early August 1951, and





joined Tata Electric Companies and helped to set up the Load Despatching System to manage the system operations. He then became the General Superintendent in 1963, and Deputy General Manager in 1967. Simultaneously, he worked as a consultant to Tata Consulting Engineers. He became Director of Tata Electric Companies in 1970. During his years with Tata Electric Companies, he introduced advanced engineering and management techniques for the operation of power systems. He was also responsible for significant use of digital computers for power system design and control, using the CDC 3600 mainframe computer at the Tata Institute of Fundamental Research.

In 1968, Tata Electric Companies installed the Westinghouse digital computer to control the operations of the entire grid of Tata Electric Companies, which comprised three hydro stations, thermal units and energy supply from Tarapore Atomic Energy and Koyna Hydroelectric of Maharashtra State Electricity Board. This was a significant achievement for India as there were only four other utilities in the U.S. that had opted for digital controls. UK, Germany, France and Japan at that point in time were using Analogue controls.

In September 1969, he moved to Tata Consultancy Services as General Manager. In 1974, he was made the Director-in-Charge and in 1994 Deputy Chairman. TCS was set up to take part in IT development. TCS carried out complex assignments for banks, telephone companies and the government in early 70s. TCS pioneered India's IT Revolution and helped the country to build the IT Industry.

Be it the propagation of computerisation in India at a time when no one realised its potential, or bringing the benefits of IT to India's rural masses through computer based Adult Literacy programme, he saw IT as an instrument of national development. He has been working on advancing engineering education at undergraduate level to world standards to create a large pool of students for undertaking graduate studies and research. With IIT Bombay and Ministry of Information Technology, he initiated the project to graduate 3000 Microelectronic engineers at Masters level. He indicated the need for IT use within the country in all spheres of activity some years back and this has taken shape

in terms of affordable computers and Open-source software in Indian Languages.

A visionary and pioneer by nature, he is acknowledged as the 'Father of the Indian Software Industry'.

Dr. Kohli is a fellow of IEEE USA, IEE UK, Institution of Engineers India, Computer Society of India and many others. He has received his Doctorate in Engineering (Honoris Causa) from the University of Waterloo, Canada in 1990, from Robert Gordon University in 2000, Aberdeen, U.K., University of Roorkee, UP in 2000, from IIT Bombay in 2004, Jadavpur University, Kolkata in 2004 and IIT Kanpur 2006.

He has received many awards including the prestigious Dadabhai Naoroji Memorial Award in 2001 and was conferred the Padma Bhushan in the year 2002.

He is a Director in Triveni Engineering & Industries Ltd., Triveni Engineering Ltd. and Media Lab Asia and a Chairman in WTI Advanced Technology Ltd., ASL Advanced Systems Pvt. Ltd. and a member of the Advisory Board of DSP Blackrock Investment Managers Ltd.

## **1.2 MEETINGS OF THE BOARD**

The Board of Directors met 5 times during the year 2009-2010 on the following dates May 14, 2009, July 24, 2009, October 31, 2009, January 22, 2010 and March 19, 2010.

### **DETAILS OF ATTENDANCE**

Name of the Directors	No. of Board meetings held	No. of meetings attended	AGM held on July 24, 2009
Rear Adm. Kirpal Singh, EC	5	5	Yes
Mr. Satpal Singh, MD	5	5	Yes
Mr. Navpreet Singh, JMD	5	5	Yes
Mrs. Manjit Kirpal Singh, Director	5	5	Yes
Mr. S. Sundar, Director	5	2	Yes
Mr. S.Venkateswaran, VC	5	4	No
Mr. Arvind K. Parikh, Director	5	5	Yes
Mr. Bipin R. Shah, Director	5	4	Yes
Mr. Robert D. Petty, Director	5	0	No
Dr. Faqir Chand Kohli, Director	5	3	No



## **2.0 SUB COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors have set up the following sub-committees.

### **2.1 AUDIT COMMITTEE**

#### **[A] Terms of Reference**

- a) Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditors and internal auditors, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing the quarterly / annual financial statements with management before submission to the Board.
- d) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function.
- f) Discussion with internal auditors on any significant findings and follow up thereon.
- g) 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, if any.
- h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- k) To oversee compliance with the requirements of Corporate Governance norms of the listing agreement with NSE & BSE.

#### **[B] Composition of Audit Committee**

The Audit Committee comprises of the following Non-Executive Directors, namely:-

##### **Non-Executive - Independent**

- |                          |   |          |
|--------------------------|---|----------|
| (1) Mr. S.Sundar         | - | Chairman |
| (2) Mr. Arvind K. Parikh | - | Member   |
| (3) Mr. S. Venkiteswaran | - | Member   |
| (4) Mr. Bipin R. Shah    | - | Member   |

##### **Non-Executive – Promoter**

- |                              |   |        |
|------------------------------|---|--------|
| (1) Mrs. Manjit Kirpal Singh | - | Member |
|------------------------------|---|--------|

#### **[C] Meetings of the Audit Committee**

The Audit Committee met 5 times during the year 2009-2010 on the following dates May 12, 2009, July 23, 2009, October 30, 2009, January 22, 2010 and March 18, 2010.

##### **DETAILS OF ATTENDANCE**

Name of Directors	No. of Audit Committee Meetings held	No. of Meetings attended
Mr. S. Sundar	5	2
Mrs. Manjit Kirpal Singh	5	5
Mr. S. Venkiteswaran	5	4
Mr. Arvind K. Parikh	5	5
Mr. Bipin R. Shah	5	4

## **2.2 MANAGING COMMITTEE**

#### **[A] Terms of Reference**

The Company has formed the Managing Committee in order to:

- (i) Monitor the operations of the Company and its marketing plans on a regular basis and give suggestions whenever required.
- (ii) Decide on various borrowing and investment proposal within the limit specified by the Board.

#### **[B] Composition of Managing Committee**

- |                              |   |          |
|------------------------------|---|----------|
| 1. Rear Admiral Kirpal Singh | - | Chairman |
| 2. Mr. Arvind K. Parikh      | - | Member   |
| 3. Mr. Satpal Singh          | - | Member   |
| 4. Mr. Navpreet Singh        | - | Member   |



**[C] Meetings of the Managing Committee**

The Committee met 11 times during the year 2009-2010 on the following dates:

April 28, 2009, June 11, 2009, June 25, 2009, July 02, 2009, July 03, 2009, August 17, 2009, September 14, 2009, October 08, 2009, October 21, 2009, October 27, 2009 and December 12, 2009.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Managing Committee Meetings held	No. of Meetings attended
Rear Adm. Kirpal Singh	11	0
Mr. Satpal Singh	11	11
Mr. Navpreet Singh	11	7
Mr. Arvind K. Parikh	11	8

**2.3 SHARE TRANSFER COMMITTEE**

**[A] Terms of Reference**

The Company has set up the aforesaid Committee to ensure speedy share transfer and also to look into the Investor's complaints.

**[B] Composition of Share Transfer Committee**

1. Rear Admiral Kirpal Singh
2. Mr. Satpal Singh
3. Mr. Navpreet Singh

The Compliance Officer is Mr. V. Surendran, Company Secretary.

The Committee has met number of times during the year.

**2.4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

**[A] Terms of Reference**

To ensure redressal of shareholders and investor complaints relating to transfer of shares, non-receipt of balance sheet, non-receipts of dividends/interests etc.

**[B] Composition of Shareholders/Investor Grievance Committee**

The Committee comprises of following Directors namely:

1. Mr. Arvind K. Parikh - Chairman
2. Mr. Bipin R. Shah - Member
3. Mr. Navpreet Singh - Member

**[C] Meetings of the Shareholders/Investors Grievance Committee**

The Committee met 4 times during the year on May 12, 2009, July 23, 2009, October 30, 2009 and January 22, 2010.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Meetings held	No. of Meetings attended
Mr. Arvind K. Parikh	4	4
Mr. Bipin R. Shah	4	4
Mr. Navpreet Singh	4	4

During the year 2009-2010, 13 (Thirteen) Investors / Shareholders complaints have been received by the Company. All these complaints have been attended in time and solved to the satisfaction of the shareholders.

The Compliance Officer is Mr. V. Surendran, Company Secretary.

**2.5 REMUNERATION COMMITTEE**

**[A] Terms of Reference**

To recommend/review the remuneration package of Managing Director/Joint Managing Director/ Whole Time Director (if any) including pension rights and any other compensation related matters and issues within the framework of the provisions and enactments governing the same.

**[B] Composition of Remuneration Committee**

The Committee comprises of following Directors namely:

1. Mr. S. Venkiteswaran - Chairman
2. Mr. S. Sundar - Member
3. Mr. Arvind K. Parikh - Member

**[C] Remuneration Policy**

To compensate Managing Director/Joint Managing Director/ Whole Time Director commensurate to the earnings of the Company and the efforts put in by them for achieving the same and also in consonance with the existing industry practice, subject to the limits governed by law.





**[D] Remuneration to Directors**

(Amount in Rupees)

Name of Director	Salary, benefits	Sitting fees	Commission
1 Rear Adm. Kirpal Singh, EC	1,19,37,195	—	1,76,20,300
2 Mr. Satpal Singh, MD	1,18,14,446	—	1,32,15,223
3 Mr. Navpreet Singh, JMD	1,13,78,848	—	1,32,15,224
4 Mrs. Manjit Kirpal Singh, Director	—	75,000	11,31,160
5 Mr. S. Sundar, Director	—	30,000	11,31,160
6 Mr. S. Venkiteswaran, VC	—	60,000	11,31,160
7 Mr. Arvind K. Parikh, Director	—	1,35,000	11,31,160
8 Mr. Bipin R. Shah, Director	—	80,000	11,31,160
9 Mr. Robert D. Petty, Director	—	—	11,31,160
10 Dr. Faqir Chand Kohli, Director	—	30,000	11,31,160

**[E] Meetings of the Remuneration Committee:**

The Remuneration Committee approved the remuneration payable to the Executive Directors on June 06, 2009.

**[F] Details of the shareholding of non-executive directors:**

Mrs. Manjit Kirpal Singh (Promoter) holds 5,47,356 shares of the Company and other non-executive directors do not hold any shares of the Company.

**[G] Criteria of making payments to Non-Executive directors:**

Sitting fees : Rs. 10,000/- for Board Meeting  
Rs. 5,000/- for Committee Meeting

Commission : 1% of the net profits of the Company as stipulated in Section 309(4) of the Companies Act, 1956.

Reimbursement of the expenses, in connection with attending the meeting of the Board, Committee and Shareholders.

**2.6 OTHER COMMITTEES**

The Company has also appointed three other Committees, which are not so significant; hence other details are not given here.

1. Committee for affixing Common Seal.
2. Committee for Banking Operation.
3. Investment Committee

**3.0 GENERAL MEETINGS**

Details of last three Annual General Meetings (AGM).

Venue	Date	Time	No of special resolutions passed
a) M.C. Ghia Hall, Second Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Kalaghoda, Mumbai – 400 001.	July 24, 2009 (AGM)	1500 hours	2
b) M.C. Ghia Hall, Second Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Kalaghoda, Mumbai – 400 001.	September 29, 2008 (AGM)	1500 hours	2
c) Hotel Executive Enclave, Pali Hill, Bandra (West), Mumbai – 400 050.	September 07, 2007 (AGM)	1500 hours	1

**4.0 RELATED PARTY DISCLOSURES**

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company are given in the audited financial statements.

**5.0 NON-COMPLIANCE**

There have been no incidences of non-compliance with any of the legal provisions of law nor has any penalty or stricture been imposed by the Stock Exchanges or SEBI or any statutory authority, or any matter related to capital market during the last three years.

**6.0. MEANS OF COMMUNICATION**

\*Quarterly results

Which news papers : Economic Times & Maharashtra Times  
normally published in

The Quarterly Results were also displayed on the Corporate Website: [www.dolphinoffshore.com](http://www.dolphinoffshore.com). Management Discussion and Analysis Report forms a part of the Annual Report.



## 7.0 POSTAL BALLOT

During the Financial Year 2009-10, pursuant to Section 192A of the Companies Act, 1956, the shareholders of the Company had passed the following resolutions:

1. For issue of Bonus Shares in the ratio of 2 (two) new equity shares for every 5 (five) existing equity shares of the Company on June 22, 2009, and
2. For altering the Object Clause of the Memorandum of Association u/s 17 of the Companies Act, 1956 by inserting new clauses and also to commence new business activities.

Mr. V. Sundaram, Practising Company Secretary has conducted the postal ballot exercise for the above resolutions.

The Company had followed the procedure as specified in Section 192A of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

## 8.0 RISK MANAGEMENT

The Company has laid down procedures to appraise the Board of Directors regarding key risk assessment and risk mitigation mechanisms.

## 9.0 MANDATORY REQUIREMENTS

The Company has complied with the mandatory requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange.

## 10.0 CODE OF CONDUCT

The Company has Code of Conduct for Directors and Senior Management and the same is complied. The Company has also formulated Whistle Blower Policy under which nobody was denied access to Audit Committee.

## 11.0 GENERAL SHAREHOLDERS INFORMATION

- a) Annual General Meeting : July 23, 2010  
Time : 1500 hours  
Venue : M. C. Ghia Hall  
Second Floor  
Hargovindas Building  
18/20, K. Dubash Marg  
Kalaghoda  
Mumbai – 400 001.
- b) Financial Year : 2009-2010

- c) Key Financial Reporting  
Dates for the Financial Year 2010-11  
Unaudited First Quarterly result : On or before July 31, 2010  
Unaudited Second Quarterly result : On or before October 31, 2010  
Unaudited Third Quarterly result : On or before January 31, 2011  
Audited results for the Financial Year 2010-11 : On or before May 30, 2011
- d) Book Closure date : July 17, 2010 to July 23, 2010 (Both days including).
- e) Dividend Payment date : On or before August 23, 2010
- f) Listing on stock exchanges : Equity shares are listed on the Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE), Mumbai
- g) Stock code : 522261 (BSE) and DOLPHINOFF (NSE)
- h) International Securities Identifying Number (ISIN) (Shares) : INE 920A01011
- i) International Securities Identifying Number (ISIN) (Foreign Currency Convertible Bonds) : XSO239362162
- J) Market Price Data HIGH/LOW during each month from April 2009 to March 2010 (BSE).

PERIOD – 2009-10	HIGH	LOW
APRIL 2009	175.00	137.25
MAY 2009	314.00	153.60
JUNE 2009	308.80	198.55
JULY 2009	253.70	168.00
AUGUST 2009	283.50	214.00
SEPTEMBER 2009	306.25	235.25
OCTOBER 2009	397.70	280.00
NOVEMBER 2009	354.95	303.80
DECEMBER 2009	400.00	323.50
JANUARY 2010	473.00	352.25
FEBRUARY 2010	428.00	335.25
MARCH 2010	417.40	331.80



Market Price Data HIGH/LOW during each month from April 2009 to March 2010 (NSE).

PERIOD – 2009-10	HIGH	LOW
APRIL 2009	172.00	135.00
MAY 2009	313.25	155.00
JUNE 2009	309.85	196.00
JULY 2009	259.00	168.35
AUGUST 2009	286.95	208.00
SEPTEMBER 2009	305.45	235.00
OCTOBER 2009	397.60	290.10
NOVEMBER 2009	354.00	296.15
DECEMBER 2009	396.00	323.00
JANUARY 2010	474.00	356.50
FEBRUARY 2010	430.00	351.50
MARCH 2010	394.00	332.10

k) Registrar and Share Transfer Agent : M/s Sharepro Services (India) Pvt. Ltd. 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka Andheri (East) Mumbai – 400 072.

l) Share Transfer System : Share transfer requests received in physical form are registered within an average period of 30 days. A Share Transfer Committee comprising members of the Board meets atleast once in fortnight to consider the transfers of the shares. Request for dematerialisation (demat) received from the shareholders are effected within an average period of 15 days.

m) **DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2010**

Sr. No.	Category	No. of Shares Held	Percentage (%)
1	Promoters	89,82,269	57.00
2	Body Corporates	13,74,616	8.72
3.	NRI	94,381	0.60
4.	Foreign Bodies	17,64,405	11.20
5.	Govt / Financial Institution	—	—
6.	Indian Public	34,78,127	22.07
7.	FII's	63,673	0.40
8.	Directors other than Promoters	—	—
	<b>Total</b>	<b>1,57,57,471</b>	<b>100.00</b>

Note: Promoters include 7,65,279 shares i.e. 4.86% held by NRI relative.

n) Dematerialisation of Shares : 15315546 equity shares which constitutes 97.20% of the paid up capital as on March 31, 2010 has been dematerialised.

o) Corporate Office : L.I.C. Building, Plot No. 54, Sector 11 Next to K - Star Hotel, C.B.D. Belapur (East), Navi Mumbai – 400 614  
Tel.No: 6602 6602  
Fax No: 6602 6603

p) Workshop Location : The Company has five Workshops, namely  
: Project Workshops (Owned) A-78 & W221, TTC Industrial Area, MIDC Khairne Thane Belapur Road Navi Mumbai - 400 705  
Tel .No: 27780507  
: Project Workshop (Leased)  
R-15, T.T.C. Industrial Area, M.I.D.C. Rabale, Opp- Pradeep Metal Ltd. Thane Belapur Road, Navi Mumbai 400 708  
Tel No.:27600462



## DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.

- : Diving Workshop  
(Leased)  
Plot No. D/24/5, Nr.  
Balmer Lawrie  
Company  
TTC Industrial Area,  
MIDC, Sanpada  
Navi Mumbai - 400 705  
Tel. No. : 66026472  
Fax No. : 27616091
- : Sewri Workshop  
(Leased)  
Gala No. 6  
Premises Co-op.  
Soc. Ltd  
Minerva Studio  
Compound  
Sewri Bunder Road  
Sewri (East)  
Mumbai – 400 015  
Tel. No.: 24131058/  
65182091
- q) Address for  
Correspondence : 1001, Raheja  
Centre, 214  
Nariman Point  
Mumbai 400 021  
Tel.Nos: 22832226/  
34/42  
Fax No: 22875403

email: [customer@dolphinoffshore.com](mailto:customer@dolphinoffshore.com)

Investor Complaints ID: [investors@dolphinoffshore.com](mailto:investors@dolphinoffshore.com)

r) Website: [www.dolphinoffshore.com](http://www.dolphinoffshore.com)

- s) Transfer of unclaimed amounts to Investor Education and Protection Fund:  
During the year unclaimed dividend of Rs. 93,144/- for the Financial Year 2001-2002 was transferred to the Investor Education and Protection Fund on October 15, 2009.
- t) The Company has issued 15,000 Foreign Currency Convertible Bonds (FCCBs) of US\$ 1,000 each on December 22, 2005. These FCCBs are listed on Singapore Stock Exchange, out of which the following have been converted into equity shares:

Particulars	No of Bonds of USD 1000 each	Shares issued on Conversion
1 <sup>st</sup> Conversion – July 24, 2007	3000	6,04,933
2 <sup>nd</sup> Conversion – September 14, 2009	3495	9,84,895
3 <sup>rd</sup> Conversion – October 27, 2009	2063	5,81,355
4 <sup>th</sup> Conversion – December 12, 2009	2840	8,00,315
<b>TOTAL</b>	<b>11398</b>	

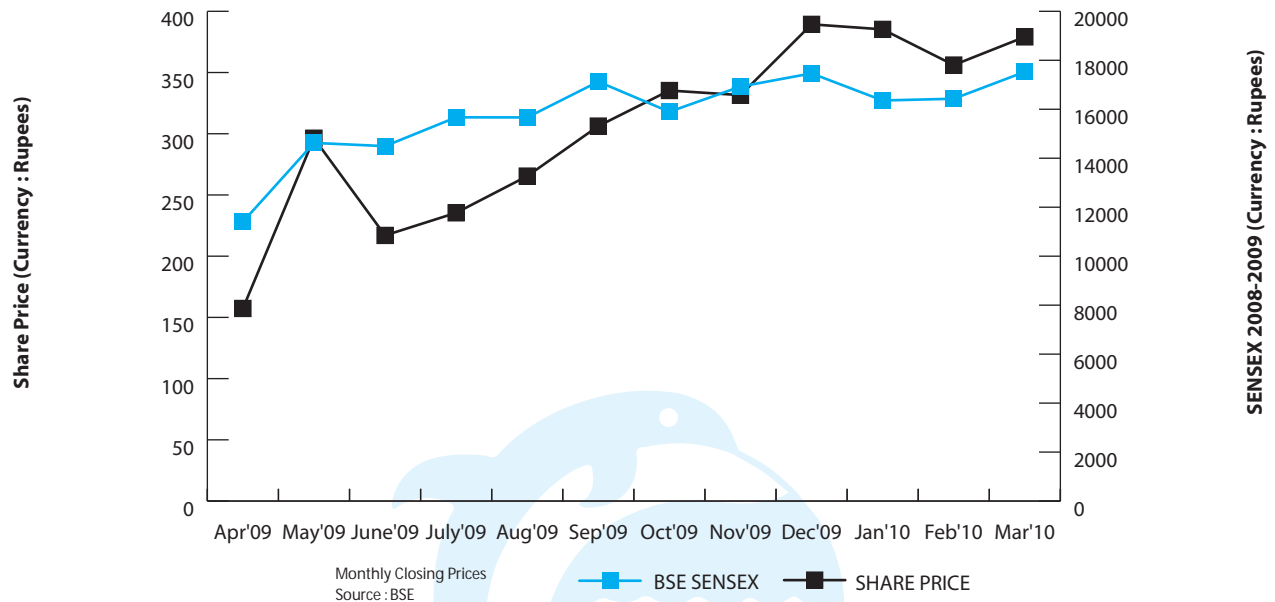
The balance 3602 Foreign Currency Convertible Bonds of USD 1,000 each may be converted into equity shares on or before December 23, 2010.

- u) The Compliance Officer is Mr. V. Surendran, Company Secretary.

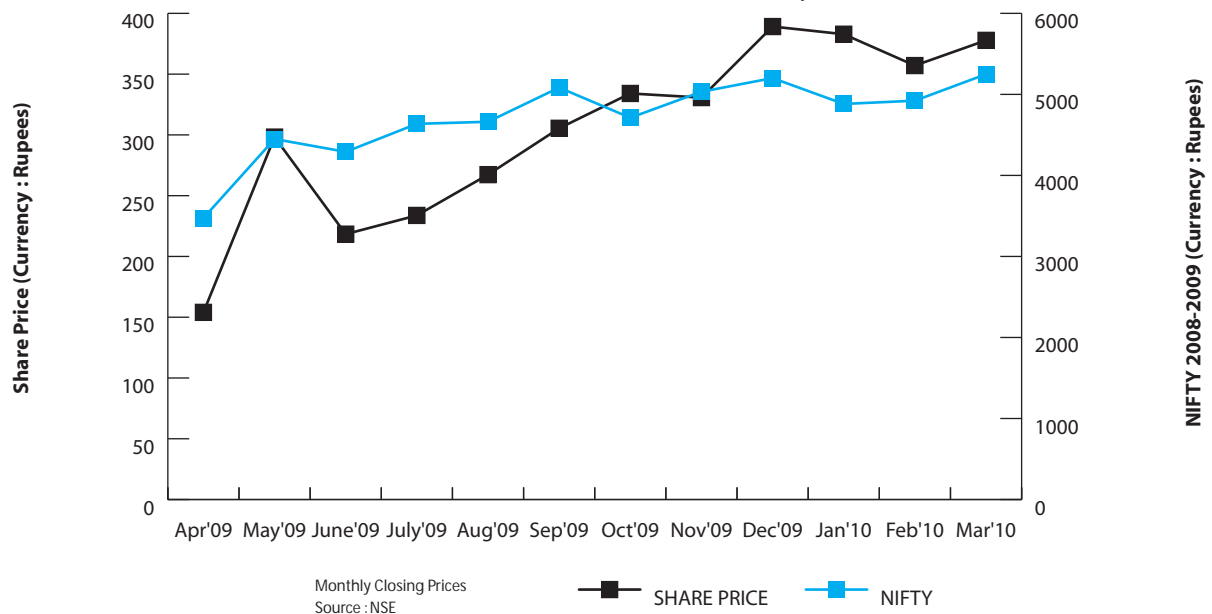




### Share Performance v/s BSE Sensex



### Share Performance v/s NSE Nifty





**DECLARATION BY THE CHIEF EXECUTIVE OFFICERS OF THE COMPANY UNDER  
CLAUSE 49 OF THE LISTING AGREEMENT**

To,

**The Members of Dolphin Offshore Enterprises (India) Limited**

I, Mr. Satpal Singh, Managing Director of Dolphin Offshore Enterprises (India) Limited declare that all Members of the Board of Directors and senior Management Personnel have affirmed compliance with the Code of Conduct.

Place: Mumbai  
Date: May 21, 2010

SD/-  
**Satpal Singh**  
Managing Director

**Auditors' Certificate on Corporate Governance**

To The Members of

**Dolphin Offshore Enterprises (India) Limited,**

We have examined the compliance of conditions of Corporate Governance by Dolphin Offshore Enterprises (India) Limited ("the Company"), for the year ended on 31<sup>st</sup> March 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

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

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

For and on behalf of  
**HARIBHAKTI & Co.**  
*Chartered Accountants*  
FRN No. 103523W

Place : Mumbai  
Date : May 21, 2010

**CHETAN DESAI**  
*Partner*  
Membership No. 17000



**BALANCE SHEET AS AT MARCH 31, 2010**  
(Currency: Thousands of Indian Rupee)

	SCHEDULES	2010	2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds -</b>			
Share capital	1	15,75,75	9,56,49
Reserves and surplus	2	1,73,97,17	1,00,81,19
		<b>1,89,72,92</b>	<b>1,10,37,68</b>
<b>Loan Funds -</b>			
Secured loans	3	69,41,68	50,98,15
Unsecured loans	4	19,19,39	95,93,45
		<b>88,61,07</b>	<b>1,46,91,60</b>
<b>Deferred tax liability (net)</b>	5,18 A (g)	<b>65,98</b>	<b>1,43,86</b>
		<b>2,78,99,97</b>	<b>2,58,73,14</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets -</b>			
Gross block	6,18 A (a)	59,13,13	57,41,90
Less: Depreciation		(24,74,71)	(20,24,39)
		<b>34,38,42</b>	<b>37,17,51</b>
Add: Capital work in progress		1,44,41	19,05
Net Fixed asset		<b>35,82,83</b>	<b>37,36,56</b>
<b>Investments</b>	7,18 A (b)	<b>20,20,32</b>	<b>19,95,44</b>
<b>Current Assets, Loans and Advances -</b>			
Sundry debtors	8,P	1,81,40,19	1,73,23,08
Cash and bank balances	9	9,76,18	9,00,21
Other current assets	10	61,23,36	26,78,88
Loans and advances	11	96,90,40	90,20,93
		<b>3,49,30,13</b>	<b>2,99,23,10</b>
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	12,P	(1,23,56,78)	(94,46,24)
Provisions	13	(2,76,53)	(3,35,72)
Net current assets		<b>2,22,96,82</b>	<b>2,01,41,14</b>
		<b>2,78,99,97</b>	<b>2,58,73,14</b>

The accompanying schedules and notes are an integral part of this Balance Sheet

As per our attached report of even date  
**For HARIBHAKTI & CO.**  
Chartered Accountants

**Chetan Desai**  
Partner

Place : Mumbai  
Date : May 21, 2010

**FOR AND ON BEHALF OF THE BOARD**

Rear Admiral Kirpal Singh  
Mr. S. Sundar  
Mr. Satpal Singh  
Mr. Navpreet Singh  
Mr. V.Surendran

Executive Chairman  
Director & Audit Committee Chairman  
Managing Director  
Jt. Managing Director  
Company Secretary



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**  
(Currency: Thousands of Indian Rupee)

	<b>SCHEDULES</b>	<b>2009-10</b>	<b>2008-09</b>
Contract revenues	18 A (c)	<b>5,32,47,63</b>	3,43,97,66
Operating expenses	14,18 A (c)	<b>(4,16,29,53)</b>	(2,23,36,29)
<b>Gross operating profit</b>		<b>1,16,18,10</b>	1,20,61,37
General and administrative expenses	15	<b>(27,76,39)</b>	(61,43,87)
<b>Net operating profit</b>		<b>88,41,71</b>	59,17,50
Miscellaneous income	16	<b>(2,78,88)</b>	14,27,01
Profit before interest and depreciation		<b>85,62,83</b>	73,44,51
Interest expenses		<b>(9,81,50)</b>	(12,56,45)
Depreciation	6,18 A (a)	<b>(5,17,56)</b>	(5,47,39)
<b>Net profit before tax</b>		<b>70,63,77</b>	55,40,67
Provision for taxation	17	<b>(23,99,69)</b>	(15,39,45)
<b>Net Profit after tax</b>		<b>46,64,08</b>	40,01,22
Profit and loss account - opening balance		<b>33,48,32</b>	11,68,15
Transfer to general reserve		<b>(4,66,41)</b>	(4,05,00)
Transfer to Bond redemption reserve		-	(10,80,33)
Less: Interim dividend (Including Tax on Dividend)		<b>(2,62,49)</b>	-
Less: Proposed dividend		<b>(2,36,36)</b>	(2,86,95)
Tax on Dividend		<b>(40,17)</b>	(48,77)
Profit and loss account - closing balance		<b>70,06,97</b>	33,48,32
<b>EARNINGS PER EQUITY SHARE</b>			
<b>(Face value Rs. 10/- per share)</b>			
Basic earnings per equity share	18 I	<b>32.36</b>	29.88
Diluted earnings per equity share	18 I	<b>30.29</b>	25.43

The accompanying schedules and notes are an integral part of this Profit & Loss Account

As per our attached report of even date  
**For HARIBHAKTI & CO.**  
Chartered Accountants

**Chetan Desai**  
Partner

Place : Mumbai  
Date : May 21, 2010

**FOR AND ON BEHALF OF THE BOARD**

Rear Admiral Kirpal Singh  
Mr. S. Sundar  
Mr. Satpal Singh  
Mr. Navpreet Singh  
Mr. V.Surendran

Executive Chairman  
Director & Audit Committee Chairman  
Managing Director  
Jt. Managing Director  
Company Secretary





**SCHEDULES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT  
MARCH 31, 2010**

(Currency: Thousands of Indian Rupee)

	2010	2009
<b>1. SHARE CAPITAL:</b>		
<b>Authorised</b>		
2,50,00,000 equity shares of Rs. 10 each	<b>25,00,00</b>	25,00,00
<b>Issued, subscribed and paid up</b>		
1,57,57,471 (2009 - 95,64,933) equity shares of Rs. 10/- each fully paid.	<b>15,75,75</b>	9,56,49
	<b>15,75,75</b>	9,56,49
<b>Note:</b>		
Of the above shares 38,25,973 (2009 - Nil ) shares are allotted as fully paid up by way of bonus shares by utilising share premium.		
Of the above shares 23,66,565 (2009 - Nil ) shares are allotted as fully paid up as a result of conversion of foreign currency convertible bonds.		
<b>2. RESERVES AND SURPLUS:</b>		
General reserve-		
Opening balance	<b>18,18,00</b>	14,13,00
Add: Transfer from profit and loss account	<b>4,66,41</b>	4,05,00
Add: Transfer from Bond Redemption Reserve	<b>21,47,96</b>	-
Closing balance	<b>44,32,37</b>	18,18,00
Bond Redemption reserve		
Opening balance	<b>35,30,26</b>	24,49,93
Add: Transfer from profit and loss account	-	10,80,33
Less: Transferred to General Reserve	<b>(21,47,96)</b>	-
Closing balance	<b>13,82,30</b>	35,30,26
Share premium account		
Opening balance	<b>13,84,61</b>	13,84,61
Less: Utilised for bonus issue (2:5)	<b>(3,82,60)</b>	-
Add: Capitalised on conversion of FCCB	<b>35,73,52</b>	-
Closing balance	<b>45,75,53</b>	13,84,61
Profit and loss account	<b>70,06,97</b>	33,48,32
	<b>1,73,97,17</b>	1,00,81,19
<b>3. SECURED LOANS:</b>		
Cash credit from scheduled banks	<b>23,24,48</b>	47,35,03
Loans from companies & banks	<b>45,10,20</b>	52,12
Term loan from Bank	<b>1,07,00</b>	3,11,00
	<b>69,41,68</b>	50,98,15

**Note:**

- The cash credit facilities and loans from bank are secured by the hypothecation of book debts, the fixed assets not secured against term loans and other current assets of the company as well as personal guarantee of the whole-time Directors.
- Loan from companies & banks include loans of Rs. 10.20 lacs (2009 - Rs. 52.12 lacs) from banks under hire purchase schemes.
- Term loan from bank is secured by a first charge on the assets financed through the term loan.
- The current portion of loans repayable within one year including cash credit is Rs. 69,41.68 lacs (2009 - Rs. 49,80.95 lacs)



# DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.

## 4. UNSECURED LOANS:

Foreign currency convertible bonds :

0.5% Foreign currency convertible bonds redeemable - 2010

Fixed Deposits :

From shareholders & others

Short term loans and advances:

From directors

From companies

From banks

2010

2009

16,18,74

53,92,80

89,50

54,50

1,21,15

1,11,15

90,00

5,35,00

-

35,00,00

19,19,39

95,93,45

Note: Fixed deposits repayable within one year amount to Rs. 35.00 lacs  
(2009 - Rs. 25.00 lacs)

## 5. DEFERRED TAX:

Difference between book and tax depreciation

Provision for doubtful debts

Provision for diminution in value of investment

Lease equalisation

Provision for leave encashment, gratuity, superannuation

Net impact on timing difference

Effective tax rate

Deferred tax (asset)/liability

3,63,45

4,39,16

(79,51)

-

-

(10,88)

(35,57)

-

(49,74)

(5,05)

1,98,63

4,23,23

33.22%

33.99%

65,98

1,43,86

## 6. FIXED ASSETS

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 01-04-2009	Additions during the year	Deduction / Adjustment during the year	As at 31-03-2010	Upto 01-04-2009	For the year	Deduction / Adjustment during the year	Upto 31-03-2010	As at 31-03-2010	As at 31-03-2009
<b>A. FIXED ASSETS</b>										
Freehold Land	1,10,27	-	-	1,10,27	-	-	-	-	1,10,27	1,10,27
Premises	12,45,22	-	-	12,45,22	2,60,50	66,63	-	3,27,13	9,18,09	9,84,72
Plant and Machinery	35,62,61	1,98,26	-	37,60,87	13,52,92	3,21,34	-	16,74,26	20,86,61	22,09,69
Office Equipment	1,49,72	16,24	-	1,65,96	28,13	23,33	-	51,46	1,14,50	1,21,59
Furniture and Fixtures	1,45,53	5,07	-	1,50,60	38,45	36,30	-	74,75	75,85	1,07,08
Motor Car	2,01,49	-	82,56	1,18,93	1,47,51	12,03	67,24	92,30	26,63	53,98
Computer	3,27,06	34,22	-	3,61,28	1,96,88	57,93	-	2,54,81	1,06,47	1,30,18
Total	57,41,90	2,53,79	82,56	59,13,13	20,24,39	5,17,56	67,24	24,74,71	34,38,42	37,17,51
Previous Year	77,60,64	3,01,23	23,19,97	57,41,90	27,76,32	5,47,39	12,99,32	20,24,39	37,17,51	-
<b>B. CAPITAL WORK IN PROGRESS</b>										
									1,44,41	19,05
<b>TOTAL (A) + (B)</b>									35,82,83	37,36,56

### Note:

- The cost of fixed assets as at March 31, 2010 includes fixed assets of cash value of Rs. 168.27 lacs (2009- Rs. 168.27 lacs) which have been acquired on hire purchase by the Company from various finance companies and banks. As per the agreement with these organisations, the ownership of these assets will be transferred to the Company on payment of the last instalment.
- Premises include leasehold land of Rs.78.62 lacs (2009- Rs.78.62 lacs)



## DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.

### 7. INVESTMENT:

(Long term unquoted)

#### **In mutual funds**

2,50,000 units of SBI Infrastructure Fund - growth long term unquoted at cost

Less : Provision for diminution in value of Investment

#### **In Subsidiary Companies-**

29,980 (2009 - 29,980) equity shares of Global Dolphin Drilling Co. Ltd. of Rs 10/- each

25,000 (2009 - 25,000) equity shares of Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd., of US Dollar 1/- each

4,99,994 (2009 - 4,99,994) equity shares of Dolphin International Risk Services Ltd., of Rs 1/- each

24,000 (2009 - 24,000) equity shares of Dolphin Offshore Shipping Ltd., (formerly known as Procyon Offshore Service Ltd.) of Rs. 100/- each

50,000 - 12.25% Unsecured Optionally Convertible Debentures of Rs. 1,000 each of Dolphin Offshore Shipping Ltd., (formerly known as Procyon Offshore Services Ltd.,)

#### **In Joint Venture**

2,20,000 (2009 - 80,000) equity shares of IMPaC Oil and Gas Engineering (India) Pvt. Ltd. of Rs. 10/- each.

The net book value of investments in Dolphin Offshore (Mauritius) Pvt. Ltd. as on 31.03.2010 as per their books of accounts is US\$ 615,519 (2009 - US\$ 164,890 ) equivalent to Rs. 640.19 lacs (2009 - Rs. 83.66 lacs)

### 8. SUNDRY DEBTORS:

(Unsecured, considered good)

Outstanding for less than six months

Outstanding for more than six months

Provision for doubtful debts

### 9. CASH AND BANK BALANCE:

Cash in hand

Balance with scheduled banks -

in current accounts

in fixed deposits

#### **Note :**

- The fixed deposit receipts of Rs. 736.87 lacs (2009 - Rs. 863.62 lacs) have been deposited with the State Bank of India in lieu of margin money on Guarantees and Letters of Credit issued by the bank.
- Further, bank balance in current accounts includes Rs. 9.74 lacs (2009 - Rs. 7.78 lacs) in Unclaimed Dividend accounts. If the dividend remains unclaimed, these funds will be transferred to the Investor Education and Protection Fund on due dates.

2010	2009
25,00	25,00
-	(10,88)
<b>25,00</b>	<b>14,12</b>
3,00	3,00
11,45	11,45
5,00	5,00
14,53,87	14,53,87
5,00,00	5,00,00
22,00	8,00
<b>20,20,32</b>	<b>19,95,44</b>
1,13,67,66	88,07,21
68,52,04	85,15,87
<b>1,82,19,70</b>	<b>1,73,23,08</b>
(79,51)	-
<b>1,81,40,19</b>	<b>1,73,23,08</b>
10,52	14,79
2,28,79	21,80
7,36,87	8,63,62
<b>9,76,18</b>	<b>9,00,21</b>



**10. OTHER CURRENT ASSETS:  
(Unsecured, considered good)**

	2010	2009
Insurance Claim *	97,98	80,29
Billable Cost	5,90,47	2,98,89
Accrued Income	54,02,99	22,57,80
Interest accrued but not due	31,92	41,90
	<u>61,23,36</u>	<u>26,78,88</u>

\* Insurance claim receivable represent amounts claimed from Insurance Companies to cover the cost of repairs/spares etc. on damages caused to the Company's vessel/crane and the management is confident that the same will be realised in due course.

**11. LOANS AND ADVANCES:  
(Unsecured, considered good)**

Loans and Advances to Subsidiaries	72,85,26	63,90,70
Advances recoverable in cash or in kind	18,86,14	20,83,34
Advance tax and tax deducted at source (Net)	3,72,80	4,30,54
Deposits	1,46,20	1,16,35
	<u>96,90,40</u>	<u>90,20,93</u>

**12. CURRENT LIABILITIES:**

Sundry creditors *	45,48,50	19,34,39
Acceptances/Bills payable	21,41,37	21,57,25
Other current liabilities	10,08,61	11,33,59
Contract income billed in advance	-	10,22,02
Accrued expenses	46,44,91	31,74,50
Unclaimed Dividend	9,74	7,78
Interest accrued but not due	3,65	16,71
	<u>1,23,56,78</u>	<u>94,46,24</u>

\* There are no amounts due to Micro, Small and Medium Enterprises units (2009 - Nil) as indicated by the Management.

**13. PROVISIONS:**

Proposed Dividend	2,36,36	2,86,95
Tax on proposed Dividend	40,17	48,77
	<u>2,76,53</u>	<u>3,35,72</u>





	2009-2010	2008-2009
<b>14. OPERATING EXPENSES</b>		
Employee costs	13,35,73	9,65,74
Subcontractor charges	1,06,87,77	69,22,94
Vessel charter and related Cost	1,56,75,71	1,06,49,98
Equipment related expenses	12,26,49	10,44,34
Materials, stores and spares	1,07,46,20	17,65,45
Travel and conveyance expenses	1,46,31	1,48,73
Financial expenses	2,06,96	1,95,91
Other operating expenses	16,04,36	6,43,20
	<u>4,16,29,53</u>	<u>2,23,36,29</u>
<b>15. GENERAL AND ADMINISTRATIVE EXPENSES:</b>		
Employee costs	13,92,25	11,26,99
Rents,rates and taxes	1,59,18	1,48,53
Office related expenses	3,17,25	2,71,31
Travel and conveyance	1,48,22	1,01,28
Vehicle expenses	1,04,08	62,32
Promotional expenses	77,10	46,33
Legal and professional fees	4,25,92	2,18,47
Bad debts	(20,35)	39,64,42
Other balances written off (net)	16,26	71,45
Other general & administrative expenses	1,56,48	1,21,89
Provision for diminution in value of investment	-	10,88
	<u>27,76,39</u>	<u>61,43,87</u>
<b>16. MISCELLANEOUS INCOME:</b>		
Gain in foreign exchange (net)	(6,17,32)	10,26,98
Interest received	1,36,98	48,32
Profit/(Loss) on sale of assets	5,76	3,07,49
Provision no longer required written back	10,88	-
Income from units of Mutual Fund	13,15	-
Sundry income	1,71,67	44,22
	<u>(2,78,88)</u>	<u>14,27,01</u>
<b>17. PROVISION FOR TAXATION, NET:</b>		
Provision for tax	24,77,56	18,10,00
Provision for deferred taxes	(77,87)	(3,10,55)
Provision for fringe benefit tax	-	40,00
	<u>23,99,69</u>	<u>15,39,45</u>



**18. NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010**

**A. Summary of significant accounting policies:**

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

**[a] Fixed assets and depreciation -**

Fixed assets are valued at cost [except as stated below], which includes the purchase price of the asset, and other direct costs incurred in getting the asset at the appropriate location and into a condition where they can be put to use. Financing costs incurred upto the date that the asset is ready to be used is included in the cost of the asset if they are significant. Please see accounting policy on foreign currency transaction for treatment of exchange rate fluctuations on foreign currency loans taken for procurement of fixed assets. However, fixed assets costing upto Rs 5,000 individually are charged off in the year of acquisition.

In accordance with Accounting Standard 28, the Company will recognise impairment of fixed assets or a group of fixed assets, if their recoverable value (realisable value or discounted cash flow expected from the use of the asset) is lower than its carrying cost. If such indication exists, the carrying amount of such asset is lowered to the recoverable value and the reduction is treated as an impairment loss and is recognised in the profit and loss account.

Office premises were revalued by Rs. 2,19.99 lacs during the year ended March 31, 1994 based on the report of the approved valuer to reflect the market price prevailing on December 31, 1993. This revaluation had been done to recognise the significant appreciation in the market value of the office since the date of acquisition.

Depreciation [including depreciation on revalued portion of fixed assets] is calculated on the declining balance method at the rates and in the manner, stated in Schedule XIV of the Companies Act, 1956, except computer software which is amortised over a period of five years.

Leasehold land is amortised over the lease period.

Cost of improvement of leased premises is depreciated on straight line basis over lease period which also includes extension period available under lease agreement.

**[b] Investments -**

Quoted investments are valued at the lower of market value or cost. Market value is determined at the rate prevailing in the Stock Exchange at the close of business on the last working day of the financial year. Cost of investments is determined as the purchase price of the investments plus other direct costs incurred on establishing clear ownership of the investment.

Unquoted investments and investments in subsidiary companies or partnership firms are valued at cost. However, a provision is made for any long term or permanent diminution in value of shares below the cost price.

**[c] Recognition of Revenue and Expenses -**

The Company generally adopts the proportionate completion method of revenue recognition where revenues are recognised as and when work is completed e.g. per day, per square meter etc.

However, where the proportionate completion method cannot be easily implemented [e.g. on lump sum rate contracts], the Company adopts the completed contract method where revenues are recognised only when the contracts are fully completed, or easily identified portions of the contract are completed. At year end, expenses incurred on contracts for which revenues are not recognised are reflected as billable costs.

Revenues include the amounts due under various contracts entered into with customers, including reimbursable expenses and interest payable by the client on overdue payments as per the terms of contracts, plus the fees earned on the chartering of the Company's vessel to third parties when the vessel is not deployed on the Company's contracts. The corresponding costs of reimbursable expenses are reflected in operating expenses. Revenues include adjustments for rebates, discounts and downtimes, which arise in the course of business during the year.



Material, stores and spares are procured as per the needs of the projects and are charged to profit and loss account.

**[d] Foreign currency convertible bonds –**

Foreign currency convertible bonds ('non monetary liability') are recognised as debts until such time as the bonds are either converted into equity shares or are redeemed at the option of the bondholders. Foreign exchange gains or losses on the translation of the outstanding bonds and the interest payable on the redemption of bonds are recognised as contingent liabilities during the period that the bond holders have the option to convert the bonds into equity shares, but will only be booked as period costs or benefits on the expiry of the option period. The expenses incurred on raising these debts are booked as period costs in the year they are incurred.

A reserve for redemption of bonds is created over the duration of the bonds out of the Company's distributable profits. This reserve will be transferred to the General / Revenue Reserve on the conversion of the bonds into equity shares or on redemption of the bonds, whichever is earlier.

**[e] Foreign currency transactions -**

Foreign currency transactions are recorded in the books of account at the exchange rate prevailing on the date of the transaction. Any differences that arise in exchange rates on the date that these transactions are settled are recognised as foreign exchange gains or losses.

In the event that transactions are not settled as of year end, all foreign currency balances are translated using the exchange rate prevailing at year end, and any resulting foreign exchange gains or losses are recognised as period costs.

Gain or losses arising from translating the year end balances of foreign currency loans/liabilities incurred for acquisition of fixed assets are adjusted against the cost of fixed asset.

Investments in shares in foreign subsidiaries are recorded in the books of accounts at the historical exchange rates i.e. at the exchange rate prevailing on the date of subscribing to the shares.

**[f] Employees benefits –**

**Short Term Employee Benefits**

Liability in respect of short term compensated absences is accounted for at undiscounted amount likely to be paid as per entitlement.

**Defined Contribution Plan**

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

**Defined Benefit Plan**

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

**Other Long Term Benefits**

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

**[g] Deferred tax and Income tax -**

Deferred taxes arise due to the difference in recognition of income and expenses as per Company's books of account prepared as per generally accepted accounting principles and as per the income tax returns prepared in accordance with the provisions of Indian Income-tax Act, 1961. These differences may be permanent in nature, or they may represent a timing difference and consequently may affect the future profitability after tax of the Company.

In order to minimise the effect of deferred taxes in future years, the Company provides for deferred taxes using the liability method in accordance with the Accounting Standards 22 issued by the Institute of Chartered



Accountants of India. Deferred taxation is recognised on items relating to timing difference, at the income tax rates prevailing on the balance sheet date, and is reviewed every year for the appropriateness of their carrying value on each Balance Sheet date.

**[h] Earnings per share -**

Earnings per share have been calculated on the basis of the weighted average of the number of equity shares of Rs 10 each that are outstanding as at the balance sheet date. Diluted earnings per share is calculated on the basis of the weighted average of the number of equity shares outstanding as at the balance sheet date plus the dilutive equity shares that the Company may need to issue on convertible instrument.

**B. Disclosure Under AS – 15 (Revised 2005)**

Company has adopted the Accounting Standard (AS – 15) (Revised 2005) “Employee Benefits” effective from April 01, 2007.

**I. Defined Contribution Plans**

The Company has classified the various benefits provided to employees as under:

- a. Provident Fund
- b. Superannuation Fund
- c. Employers’ Contribution to Employees’ State Insurance
- d. Employers’ Contribution to Employees’ Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the Superannuation Fund is administered by the Trustee of the Life Insurance Corporation. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income Tax authorities.

The Company has recognised the following amounts in Profit and Loss Account:

<b>Particulars</b>	<b>Amount (Rs. in ‘000)</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Employer’s contribution to Provident Fund	<b>1,63,60</b>	1,01,65
Employer’s contribution to Superannuation Fund	<b>27,61</b>	24,81
Employer’s contribution to Employees State Insurance	<b>37,87</b>	21,87
Employer’s contribution to Employees’ Pension Scheme 1995	<b>*</b>	*

\* Included in ‘Employer’s Contribution to Provident Fund’

**II. Defined Benefit Plans**

Contribution to Gratuity Fund (Funded Scheme)

In accordance with the Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed by independent actuaries in respect of the aforesaid defined benefit plan based on the following assumptions:

<b>Particulars</b>	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Discount Rate (per annum)	<b>8%</b>	8%
Rate of increase in compensation levels (per annum)	<b>4%</b>	4%
Expected Rate of Return	<b>9.15%</b>	9.15%





**(a) Change in the Present Value of Obligation**

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Present Value of Defined Benefit Obligation as at beginning of the year	73,64	57,61
Interest Cost	5,89	4,61
Current Service Cost	12,56	7,37
Benefits Paid	(4,99)	(4,80)
Actuarial (gain) / loss on Obligations	40,56	8,85
Present Value of Defined Benefit Obligation as at the end of the year	1,27,67	73,64

**(b) Changes in the Fair Value of Plan Assets**

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Present Value of Plan Assets as at beginning of the year	1,03,88	57,80
Expected Return on Plan Assets	9,31	5,68
Contributions	41,76	45,20
Benefits Paid	(4,99)	(4,80)
Actuarial gains / (losses)	-	-
Assets Distributed on Settlement	-	-
Fair Value of Plan Assets as at end of the year	1,49,96	1,03,88

**(c) Percentage of each category of Plan Assets to total closing fair value of Plan Assets**

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Bank Deposits (SP. Dep. Scheme, 1975)	-	-
Debt Instruments	-	-
Administered by Life Insurance Corporation of India	1,49,96	1,03,88
Others	-	-

**(d) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets**

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Present Value of Funded Obligation as at end of the year	1,27,67	73,64
Fair Value of Plan Assets as at end of the year	1,49,96	1,03,88
Funded Liability / (Asset) as at the Balance Sheet date	(22,29)	(30,24)

**(e) Amount recognised in the Balance Sheet**

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Present Value of Defined Benefit Obligation as at end of the period	1,27,67	73,64
Fair Value of Plan Assets as at end of the period	1,49,96	1,03,88
Liability / (Asset) as at the end of the year	(22,29)	(30,24)



**(f) Expenses recognised in Profit and Loss Account**

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Current Service Cost	<b>12,56</b>	7,37
Past Service Cost	-	-
Interest Cost	<b>5,89</b>	4,61
Expected Return on Plan Assets	<b>(9,31)</b>	(5,68)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / Loss recognised in the Period	<b>40,56</b>	8,85
Total Expenses recognised in the Profit and Loss Account	<b>49,70</b>	15,15

**(g) Actual Return on Plan Assets**

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Expected Return on Plan Assets	<b>9,31</b>	5,68
Actuarial gains / (losses) on Plan Assets	-	-
Actual Return on Plan Assets	<b>9,31</b>	5,68

**C. Contingent Liabilities:**

- i) On December 22, 2005, the Company has issued 0.5% Foreign Currency Convertible Bonds which - are due for redemption on December 23, 2010 unless the bond holders exercise their option to convert these bonds into equity shares. As at 31.03.2010, there is an unrealised gain in foreign exchange of Rs.1.44 lacs (2009 – Loss of Rs. 6,97.20 lacs) on value of bonds, while the yield till 31<sup>st</sup> March 2010 is Rs.4,61.08 lacs (2009 – Rs.12,88.05 lacs).
- ii) As at March 31, 2010 the Company had contingent liabilities in respect of bank guarantees, issued to their customers of Rs.59,79.13 lacs (2009 – Rs.58,77.57 lacs) of which Rs. 59,11.78 lacs (2009 – Rs. 57,14.03 lacs) are outstanding as of date. These bank guarantees are secured by hypothecation to and in favour of the bank of the Company's entire book debts [present and future], outstanding moneys, engagements, securities, investments and rights and further secured by personal guarantee of Whole-time Directors.
- iii) Capital commitment and guarantees on behalf of subsidiary –

The Company's wholly owned subsidiary, Dolphin Offshore Enterprises (Mauritius) Private Limited is currently investing in a ship building programme worth US\$ 40 million. This Capital expenditure is being met through unsecured interest free loan of US\$ 20 million given by the Company and US\$ 20 million from term loans. In addition, the Company has given a corporate guarantee to the lenders of Dolphin Offshore Enterprises (Mauritius) Private Limited for US\$ 20 million (2009 – US\$ 20 million)

As at March 31, 2010, the Company had already given unsecured loan of US\$ 16.11 million (2009- US\$ 12.54 million) and the balance will be paid during the future financial years.

- iv) The Company has appealed the award of the Income Tax Appellate Tribunal (ITAT) on the block assessment of the Company under Sec.158BC of Income Tax Act 1961 raising a demand of Rs 52.97 lacs (2009 – Rs 52.97 lacs).The appeal filed against the disallowance of shipping reserve for A.Y. 1998-99 to A.Y. 2004-05 has been decided in favour of company.The final notice giving effect to this order is awaited.

During the year the company has referred to the tribunal against the order of CIT (A) disallowing dry-docking charges for A.Y. 2005-06 amounting to Rs. 24.94 Lacs.

The company has filed an appeal with the CIT(A) against the penalty levied under section 271(1)(c) for A.Y. 1998-99 to A.Y. 2004-05, which was decided in our favour except for the deduction claimed u/s 35D for which the matter has been referred to ITAT. Any liability arising in respect of the above matter will be booked on completion of the proceedings.



**D. Borrowing cost:**

As stated in Schedule 18A (a), financing costs incurred up to the date the asset is ready to be used is included in the cost of the asset, if they are significant.

All other borrowing cost is treated as revenue expenses. During the year the Company incurred the following borrowing costs which are charged to revenue:

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Interest on fixed deposits/term loans	<b>34,83</b>	85,53
Interest on FCCB	<b>26,44</b>	28,74
Other Interest Expenditure	<b>9,20,24</b>	11,42,18
Total Borrowing Costs	<b>9,81,51</b>	12,56,45

**E. Segment reporting:**

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

**F. Related Party Disclosures:**

Related party transactions cover transactions between the Company and the following persons in accordance with the Accounting Standard 18 notified pursuant to Companies (Accounting standards) Rules, 2006.

**1) Related party relationships:**

**(As identified by the management)**

**a) Companies under common control, including subsidiaries:**

- |  |                         |
|--|-------------------------|
| i) Dolphin Offshore Projects Limited   | - under common control  |
| ii) Kanika Shipping Limited  | - under common control  |
| iii) Global Dolphin Drilling Co Limited  | - 59.96 % subsidiary    |
| iv) Dolphin Offshore Enterprises (Mauritius) Private Limited   | - 100.00 % subsidiary   |
| v) Dolphin International Risk Services Limited   | - 99.99 % subsidiary    |
| vi) Dolphin Offshore Shipping Limited (w.e.f. 31.08.2006)<br>(Formerly known as Procyon Offshore Services Limited) | - 100.00 % subsidiary   |
| vii) IMPaC Oil & Gas Engineering (India) Pvt. Limited<br>(w.e.f. 25.08.2008)                                       | - 40.00 % Joint Venture |

**b) Key Management Personnel**

- |                              |                           |
|------------------------------|---------------------------|
| i) Rear Admiral Kirpal Singh | - Executive Chairman      |
| ii) Mr. Satpal Singh         | - Managing Director       |
| iii) Mr. Navpreet Singh      | - Joint Managing Director |

**c) Relatives of Key Management Personnel with whom the Company has had transactions during the year.**

- Mrs. Manjit Kirpal Singh
- Mrs. Prabha Chandran
- Mrs. Nitu Singh
- Ms. Rishma Singh
- Master Rohan Singh
- Mrs. Ritu Singh
- Master Tarun Singh
- Master Akhil Singh



**2) The Company's related party transactions and balances are summarised as follows:**

**Amount (Rs. in '000)**

NATURE OF TRANSACTIONS	TRANSACTION DURING THE YEAR		OUTSTANDING BALANCE AS AT MARCH 31, 2010		OUTSTANDING BALANCE AS AT MARCH 31, 2009	
	2009-10	2008-09	(RECEIVABLE)	PAYABLE	(RECEIVABLE)	PAYABLE
<b>Companies under common control, including subsidiaries</b>			(78,62,97)	4,39,33	(64,36,16)	4,52,51
Interest Received	65,78	34				
Contract Revenues	48,24	64,95				
Subcontractor charges paid	4,07,33	3,31,87				
Hire charges paid	23,97,49	11,86,37				
Interest paid	-	2,84				
Loans	(16,84,55)	(55,16,70)				
12.25% Unsecured Convertible Debentures	-	(5,00,00)				
G & A Expenses Recoverable	-	12,99				
Sale of Fixed Asset	-	12,90,00				
Recoverable Expenses incurred	(92,57)	(45,45)				
<b>Key Management Personnel</b>				1,36,15		3,61,57
Remuneration	7,91,81	6,23,77				
Interest paid	15,14	8,59				
Unsecured Loans received / (repaid), net	25,00	(51,60)				
<b>Relatives of Key Management Personnel</b>				44,00		1,02,91
Commission	11,31	8,92				
Interest paid	4,92	8,96				
Fixed deposits received / (repaid), net	5,00	8,50				
Unsecured Loan	-	(20,00)				
Professional Fees	5,00	6,50				

**Amount (Rs. in '000)**

Companies under common control, including subsidiaries	Sub contract charges	Contract Revenues	Unsecured loan / Fixed Deposit Accepted/ (Repaid)	Recoverable Expenses incurred	G & A Expenses Recoverable	Hire Charge/ Rent Paid	Interest paid/ (Received)	(Receivables)/ Payables
Dolphin Offshore Projects Limited						48,15		31,92
Dolphin Offshore Enterprises [Mauritius] Private Limited	2,63,34		(16,84,55)			4,03,97		(72,70,82)
IMPac Oil and Gas Engineering (India) Pvt. Ltd.				(72,65)				(72,65)
Dolphin Offshore Shipping Ltd. (Formerly known as Procyon Offshore Services Ltd.)	1,44,00	(48,24)			(19,91)	19,45,37	(65,79)	(1,12,09)





**Material related transactions:**

Amount (Rs. in '000)

Particulars	Unsecured loan / Fixed Deposit	Interest paid	Remuneration	Professional Fees Paid	(Receivables) Payables
<b>Key Management Personnel</b>					
Rear Admiral Kirpal Singh		3,00	2,95,57		25,00
Mr. Satpal Singh		04	2,50,30		40
Mr. Navpreet Singh		3,69	2,45,94		30,75
Mrs. Manjit Kirpal Singh		6,60			55,00
Mr. Bipin Shah H.U.F.	15,00	1,05			15,00
Mr. Arvind Parikh	10,00	76			10,00
	<b>25,00</b>	<b>15,14</b>	<b>7,91,81</b>		<b>1,36,15</b>
<b>Relatives of Key Management Personnel</b>					
Mrs. Prabha Chandran		36			3,00
Mrs. Ritu Singh		36		5,00	3,00
Master Tarun Singh	5,00	2,72			25,75
Master Akhil Singh		1,47			12,25
	<b>5,00</b>	<b>4,91</b>		<b>5,00</b>	<b>44,00</b>

**Notes**

- Remuneration includes basic salary, allowance, perks and commission.
- The monthly reimbursement of expenses between the Company and related parties towards office expenses, provident fund etc., are not reflected in the statement above.
- There are no provisions for doubtful debts or amounts written off in respect of debts due to or from related parties.

**G. Hire Purchase Agreements:**

The Company has purchased assets under hire purchase arrangements which are repayable within three years from the dates of agreement. During the year, the Company has paid instalments of Rs. 42.66 lacs (2009 – Rs.47.42 lacs). The Company has a future liability of Rs.10.90 lacs (2009 – Rs 57.70 lacs) towards the said agreements, of which Rs 10.90 lacs (2009 - Rs. 46.80 lacs) is payable within one year.

**H. Operating Lease commitments:**

- The minimum amounts payable in future towards non-cancellable lease agreements for premises are as follows:

Amount (Rs. in '000)

Particulars	2009-2010	2008-2009
Not later than one year	66,06	66,06
Later than one year not later than five years	3,39,37	3,39,37
Later than five years	7,57,18	2,28,52
<b>TOTAL</b>	<b>11,62,61</b>	<b>6,33,95</b>

- Lease payments recognised in the statement of Profit & Loss for the period is Rs. 101.62 Lacs.



**I. Earnings per share:**

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

		<b>2009-2010</b>	<b>2008-2009</b>
Net profit after tax for the year	(Rs. in 000's)	<b>46,64,08</b>	40,01,22
Add : Interest to be saved on conversion of bonds to shares (Net of taxes)	(Rs. in 000's)	<b>9,16</b>	14,43
Diluted net profit for the year	(Rs. in 000's)	<b>46,73,80</b>	40,15,65
Number of Ordinary shares	(Nos. in 000's)	<b>1,57,57</b>	1,33,90
Weighted average shares (Basic)	(Nos. in 000's)	<b>1,44,10</b>	1,33,90
Weighted average shares (Diluted)	(Nos. in 000's)	<b>1,54,25</b>	1,58,10
Face value per share	(Rs.)	<b>10.00</b>	10.00
Basic earnings per share	(Rs.)	<b>32.36</b>	29.88
Diluted earnings per share	(Rs.)	<b>30.29</b>	25.43

**Calculation of weighted average number of shares**

(in '000)

	<b>2009-2010</b>	<b>2008-2009</b>
Number of Ordinary shares	<b>95,65</b>	95,65
Number of Bonus shares issued during the year	<b>38,25</b>	*38,25
Number of shares converted during the year	<b>10,20</b>	-
Total Number of shares	<b>1,44,10</b>	1,33,90
Add : Deemed conversion of bonds to shares	<b>10,15</b>	24,20
Weighted average shares (Diluted)	<b>1,54,25</b>	1,58,10

\* Consider for purpose of reinstatement as per AS – 20

**J. Additional disclosures required under Schedule VI:**

**[a] Remuneration to Directors, including Managing Director-**

Amount (Rs. in '000)

	<b>2009-2010</b>	<b>2008-2009</b>
Salary	<b>3,18,74</b>	2,92,32
Perquisites	<b>32,57</b>	26,03
Commission - Wholetime Directors	<b>4,40,51</b>	3,05,42
- Other Directors	<b>79,18</b>	62,38
	<b>8,71,00</b>	6,86,15

**Calculation of adequacy of profit for Directors' Remuneration**

Amount (Rs. in '000)

	<b>2009-2010</b>	<b>2008-2009</b>
Net Profit before tax	<b>70,63,76</b>	55,40,67
Less : Profit on sale of assets (In excess of cost)	<b>(5,75)</b>	-
Add : Directors' remuneration	<b>8,71,00</b>	6,86,15
Provision for Diminution on investment	<b>(10,87)</b>	10,87
<b>Profit for calculation of Directors Commission</b>	<b>79,18,14</b>	62,37,69
Directors remuneration at 11%	<b>8,71,00</b>	6,86,15



**[b] Legal and professional fees include fees to auditors –**

		Amount (Rs. in '000)	
		2009-2010	2008-2009
[I] As Auditors -			
- Statutory auditors		11,50	11,50
- Tax auditors		3,00	3,00
[ii] Fees for other services -			
- Limited Review Fees		3,00	3,00
- Certification Fees		1,98	1,89
[iii] - Out of pocket expenses		-	03
Total		19,48	19,42

**[c] Operating Expenses and General & Administrative Expenses include –**

		Amount (Rs. in '000)	
		2009-2010	2008-2009
Rent		2,28,70	1,23,15
Repairs & Maintenance			
- Building		47,96	79,78
- Machinery		51,67	1,47,55
- Vessels		45,05	75,80
- Others		1,00,05	86,76
		2,44,73	3,89,89
Employee's Remuneration and benefits			
- Salaries, Wages, Bonus, allowances and others		23,49,57	17,73,84
- Contribution to P. Fund and other funds		2,78,79	2,01,32
- Employee's Welfare and other Amenities		33,32	88,55
		26,61,68	20,63,71
Insurance			
- Personnel		27,79	29,02
- Others		2,05,56	5,03,38
		2,33,35	5,32,40
Rates & Taxes		1,99,72	1,68,60

**[d] Value of imports calculated on CIF basis in respect of –**

		Amount (Rs. in '000)	
		2009-2010	2008-2009
Materials, stores and spares		42,37,73	2,30,87

**[e] Break up of materials, stores and spares consumed -**

		Amount (Rs. in '000)	
		2009-2010	2008-2009
Particulars		Value	Percentage
Indigenous		65,56,61	60.75%
Imported		42,37,73	39.25%
Total		1,07,94,34	100.00%



**[f] Expenditure in foreign currency -**

	Amount (Rs. in '000)	
	2009-2010	2008-2009
Plant & Machinery	51,17	21,64
Foreign subcontractors	6,53,09	5,30,31
Vessel Charter & Related expenses	29,34,27	26,51,81
Professional fees	-	18,83
Equipment related expenses	63,70	98,31
Materials, stores and spares	42,37,73	2,30,87
Foreign travel	64,09	59,34
Other matters	81,54	58,58
Interest on FCCB	15,86	28,74
Advance to Wholly owned subsidiary	16,84,55	15,92,81
	<b>97,86,00</b>	<b>52,91,24</b>

**[g] Earnings / Borrowing in foreign exchange -**

	Amount (Rs. in '000)	
	2009-2010	2008-2009
Contract revenues *	3,65,27,12	3,26,19,89
Interest received	-	71,45
	<b>3,65,27,12</b>	<b>3,26,91,34</b>

\* Contract revenue even includes revenues raised in foreign exchange and paid in Indian rupees which are otherwise considered as having paid for in free foreign exchange by RBI referred to in Para 9.53 (iv) of Foreign Trade Policy 2004-2009.

**K. Particulars of Derivative Instruments as at March 31,2010:**

- No derivative instruments are acquired for hedging purposes.
- No derivative instruments are acquired for speculation purposes.
- Foreign Currency Exposures that are not hedged by derivative instruments or other wise are :

**Details of amount payable:**

Sr.No.	Currency	2009-10		2008-09	
		Amount In Foreign Currency	Amount In Indian Rupees	Amount In Foreign Currency	Amount In Indian Rupees
1	EURO	1,555	94,145		
2	GBP	28,812	19,60,956	1,023	74,424
3	SING.\$	18,715	6,00,361	53,490	17,84,967
4	US\$	2,286,666	10,26,71,313	344,947	1,75,06,073

**Details of amount receivable:**

Sr.No.	Currency	2009-10		2008-09	
		Amount In Foreign Currency	Amount In Indian Rupees	Amount In Foreign Currency	Amount In Indian Rupees
1	EURO	4,302,604	26,05,22,686	582,583	3,91,72,887
2	US\$	3,001,293	13,47,28,056	21,420,244	1,08,64,34,770





**Details of Bank Balances:**

Particulars	Currency	2009-10		2008-09	
		Amount In Foreign Currency	Amount In Indian Rupees	Amount In Foreign Currency	Amount In Indian Rupees
State Bank of India Singapore	US\$.	445,106	1,99,80,791	18,985	9,62,897
State Bank of India EEFC –US\$	US\$	3,967	1,78,064	-	-
State Bank of India EEFC –EURO	EURO	19,796	11,98,640	-	-

**L. Disclosure as per clause 32 of the listing agreement:**

Loans given to subsidiary company where no repayment schedule is prescribed and no interest is charged.

**Amount (Rs. in '000)**

Name of Subsidiary Company	Amount Outstanding	Maximum Balance Outstanding during the year
Dolphin Offshore Enterprises [Mauritius] Private Limited	72,85,26	72,85,26

**M. Issue of shares:**

On 3<sup>rd</sup> July, 2009, the Company issued 38,25,973 bonus shares of Rs.10/- each in the ratio of 2 shares for every 5 shares held, by utilization of share premium. Accordingly, equity share capital increased and share premium reduced by Rs.3,82,59,730.

During the year, the Company received notice from FCCB holders for conversion of 8398 bonds of US\$ 1000 each. Consequently, 23,66,565 equity shares of Rs.10/- each have been issued resulting in increase in equity share capital by Rs.2,36,65,650 and share premium by Rs.35,73,51,610.

**N. Interest in Joint Venture:**

The Company has a joint venture interest in IMPaC Oil & Gas Engineering (India) Pvt. Limited (a Company incorporated in India) and its proportionate share in the assets, liabilities, income and expenses of the jointly controlled entity, based on the audited accounts drawn up to 31<sup>st</sup> March 2010 is as under :

Percentage of ownership interest as at 31<sup>st</sup> March 2010 – 40%

**Amount (Rs. In '000)**

As at 31 <sup>st</sup> March 2010		For the period ended 31 <sup>st</sup> March 2010	
Assets	78,48	Income	11,28
Liability	56,48	Expenses	70,05

**O. Micro, Small and Medium Enterprises (MSMEs)**

To the extent information is available with the Company, there are no dues payable to any parties identified as Micro, Small or Medium Enterprises as per The Micro, Small and Medium Enterprises Development Act, 2006.

**P. Debtors and Creditors**

- Balances in respect of creditors and debtors are subject to confirmation/reconciliation, wherever required.
- Sundry debtors includes amount outstanding from a customer amounting to Rs. 47.90 crores. This relates to a subcontract job done during 2006-07 and amount outstanding relates to change orders which is still under process of resolution by the ultimate client. Management believes that this amount will be received and hence no provision has been made in the books till date.
- During the course of execution of its EPC contracts, the Company has undertaken additional work which the Company can invoice only after the contracts have been completed and change orders agreed to by the clients. Due to this reason and other delays not attributable to the Company, the Company expects the liquidated damages of Rs. 23.89 Crores currently levied will be waived by its clients. Accordingly, liquidated damages of Rs. 23.89 Crores have not been provided.

**Q. Prior year comparatives:**

The prior year figures have been reclassified wherever necessary for comparative purposes.



**PART IV**

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details:**

Registration No.

State Code

Balance Sheet Date

**II. Capital raised during the year [Amounts Rupees in Thousands]**

Public Issue

Rights Issue

Bonus Issue

Private Placement

\* Conversion of Foreign Currency Convertible Bonds

**III. Position of Mobilisation and Deployment of Funds [Amounts Rs. In Thousands]**

Total Liabilities

Total Assets

Sources of Funds:

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds:

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

**IV Performance of Company [Amount Rs. In Thousands]**

Turnover   
(includes misc. income)

Total Expenditure

+Profit/(Loss) Before Tax

+Profit/(Loss) After Tax

Earning per Share in Rs.

Dividend rate

**V. Generic Names of Three Principal Products/Services of Company**

Item code [ITC Code]

Service Description

Item code [ITC Code]

Service Description

Item code [ITC Code]

Service Description

**FOR AND ON BEHALF OF THE BOARD**

Rear Admiral Kirpal Singh  
Mr. S. Sundar  
Mr. Satpal Singh  
Mr. Navpreet Singh  
Mr. V. Surendran

Executive Chairman  
Director & Audit Committee Chairman  
Managing Director  
Jt. Managing Director  
Company Secretary

Place : Mumbai  
Date : May 21, 2010



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

(Currency: Thousands of Indian Rupee)

	2009-2010	2008-2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX</b>	<b>70,63,77</b>	<b>55,40,67</b>
Adjusted for :		
Depreciation	5,17,56	5,47,39
Interest [Net]	8,44,52	12,08,13
Fixed assets - Profit on sale	(5,76)	(3,07,49)
Operating profit before working capital changes	<b>84,20,09</b>	<b>69,88,70</b>
Adjustments for :		
Trade and other receivables	(49,88,80)	(36,54,32)
Trade and other payables	29,10,55	8,32,87
<b>CASH GENERATED FROM OPERATIONS</b>	<b>63,41,84</b>	<b>41,67,25</b>
Direct taxes paid	(25,06,72)	(19,04,17)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>38,35,12</b>	<b>22,63,08</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,53,78)	(3,01,22)
Capital Advance	(1,25,36)	(11,18)
Sale of fixed assets	21,06	13,28,14
Investments made	(24,88)	(4,97,12)
Interest received	1,36,98	48,32
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(2,45,98)</b>	<b>5,66,94</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowing	(39,78,06)	(5,06,79)
Proceeds from short term borrowing	(63,10,55)	(6,72,80)
Increase [decrease] in loan liabilities	44,58,08	(47,42)
Conversion of FCCB into shares	38,10,17	-
Interest paid	(9,81,50)	(12,56,45)
Dividend paid	(5,11,31)	(2,39,12)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(35,13,17)</b>	<b>(27,22,58)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>75,97</b>	<b>1,07,44</b>
<b>CASH AND CASH EQUIVALENTS AS ON 01.04.2009</b>	<b>9,00,21</b>	<b>7,92,77</b>
<b>CASH AND CASH EQUIVALENTS AS ON 31.03.2010</b>	<b>9,76,18</b>	<b>9,00,21</b>

As per our attached report of even date  
**For HARIBHAKTI & CO.**  
Chartered Accountants

**Chetan Desai**  
Partner

Place : Mumbai  
Date : May 21, 2010

**FOR AND ON BEHALF OF THE BOARD**

Rear Admiral Kirpal Singh  
Mr. S. Sundar  
Mr. Satpal Singh  
Mr. Navpreet Singh  
Mr. V.Surendran

Executive Chairman  
Director & Audit Committee Chairman  
Managing Director  
Jt. Managing Director  
Company Secretary



**AUDITORS' REPORT TO THE BOARD OF  
DIRECTORS OF DOLPHIN OFFSHORE  
ENTERPRISES (INDIA) LIMITED ON THE  
CONSOLIDATED FINANCIAL STATEMENTS**

1. We have audited the attached Consolidated Balance Sheet of Dolphin Offshore Enterprises (India) Limited ("the Company") and its Subsidiaries (collectively referred to as "the Group") as at 31<sup>st</sup> March, 2010 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
  2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total net assets of Rs. 160.44 Crores as at 31<sup>st</sup> March, 2010, total net revenues of Rs. 12.65 Crores and net cash outflows of Rs. 3.51 Crores for the year then ended. We also did not audit the financial statements of a joint venture whose financial statements reflect total net assets of Rs. 0.59 Crores as at 31<sup>st</sup> March, 2010, total net revenues of Rs. 0.64 Crores and net cash outflows of Rs. 0.06 Crores for the year then ended.
- These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated financial statements", Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Dolphin Offshore Enterprises (India) Limited and its subsidiaries.
  5. a.) Without qualifying our opinion, attention is invited to Note no. "J (b)" of Schedule 18 - to Notes to accounts with regard to long outstanding sundry debtors of Rs. 47.90 Crores, which has been considered by the management as good and recoverable  
b.) As stated in Note no. "J (c)" of Schedule 18 - to Notes to accounts, no provision is made for liquidated damages amounting to Rs 23.89 Crores for reasons stated therein. Consequently, profit for the year and reserves and surplus are overstated by such amount.
  6. Subject to our observation at point 5 (b) above and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 Group as at 31<sup>st</sup> March 2010;
    - (b) in the case of the Consolidated Profit and Loss Account, 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 of the Group for the year ended on that date.

**For Haribhakti & Co.**  
*Chartered Accountants*  
FRN No.103523W

Place : Mumbai  
Date : May 21, 2010

Chetan Desai  
Partner  
Membership No.17000





**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010**  
(Currency: Thousands of Indian Rupee)

	<b>SCHEDULES</b>	<b>2010</b>	<b>2009</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds -</b>			
Share capital	1	15,75,75	9,56,49
Reserves and surplus	2	1,99,15,31	1,07,34,51
		<b>2,14,91,06</b>	<b>1,16,91,00</b>
Minority Interests		7,19	6,91
<b>Loan Funds -</b>			
Secured loans	3	1,52,65,39	87,45,59
Unsecured loans	4	19,19,39	95,93,45
		<b>1,71,84,78</b>	<b>1,83,39,04</b>
<b>Deferred tax liability (net)</b>	5,20 A(h)	<b>70,01</b>	<b>1,59,87</b>
		<b>3,87,53,04</b>	<b>3,01,96,82</b>
<b>APPLICATION OF FUNDS</b>			
<b>Goodwill on Consolidation</b>		<b>11,47,01</b>	<b>11,47,01</b>
<b>Fixed Assets -</b>			
Gross block	6,20 A(b)	1,49,13,13	85,35,96
Less: Depreciation		(41,77,52)	(33,93,59)
		<b>1,07,35,61</b>	<b>51,42,37</b>
Add: Capital work in progress (Including advances)		94,64,85	94,06,67
Net Fixed assets		<b>2,02,00,46</b>	<b>1,45,49,04</b>
<b>Investments</b>	7,20 A(c)	<b>27,00</b>	<b>16,12</b>
<b>Current Assets, Loans and Advances -</b>			
Inventories	8	33,16	34,05
Sundry debtors	9	1,88,42,08	1,75,28,24
Cash and bank balances	10	19,30,56	11,22,01
Other current assets	11	61,46,90	26,90,31
Loans and advances	12	28,39,80	28,62,53
		<b>2,97,92,50</b>	<b>2,42,37,14</b>
<b>Less: Current Liabilities and Provisions -</b>			
Current liabilities	13	(1,21,32,49)	(94,32,74)
Provisions	14	(2,81,44)	(3,36,69)
Net current assets		<b>1,73,78,57</b>	<b>1,44,67,71</b>
<b>Miscellaneous Expenditure</b>	15	-	16,94
(to the extent not written off or adjusted)		<b>3,87,53,04</b>	<b>3,01,96,82</b>

The accompanying schedules and notes are an integral part of this Balance Sheet

As per our attached report of even date  
**For HARIBHAKTI & CO.**  
Chartered Accountants

**Chetan Desai**  
Partner

Place : Mumbai  
Date : May 21, 2010

**FOR AND ON BEHALF OF THE BOARD**

Rear Admiral Kirpal Singh  
Mr. S. Sundar  
Mr. Satpal Singh  
Mr. Navpreet Singh  
Mr. V. Surendran

Executive Chairman  
Director & Audit Committee Chairman  
Managing Director  
Jt. Managing Director  
Company Secretary



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**  
(Currency: Thousands of Indian Rupee)

	<b>SCHEDULES</b>	<b>2009-2010</b>	<b>2008-2009</b>
Revenues	20, A (d)	<b>5,52,99,30</b>	3,52,47,16
Operating expenses	16, A (d)	<b>(4,11,02,55)</b>	(2,23,89,42)
<b>Gross operating profit</b>		<b>1,41,96,75</b>	1,28,57,74
General and administrative expenses	17	<b>(30,99,76)</b>	(63,77,13)
<b>Net operating profit</b>		<b>1,10,96,99</b>	64,80,61
Miscellaneous income	18	<b>(2,57,41)</b>	11,85,54
Profit before interest and depreciation		<b>1,08,39,58</b>	76,66,15
Interest expenses		<b>(13,04,90)</b>	(12,63,34)
Depreciation	6,20 A (b)	<b>(8,51,20)</b>	(7,44,55)
<b>Net profit before tax</b>		<b>86,83,48</b>	56,58,26
Less: Minority interest		<b>(27)</b>	(21)
Provision for taxation	19	<b>(24,53,57)</b>	(15,70,79)
<b>Net profit after tax</b>		<b>62,29,64</b>	40,87,26
<b>Profit and loss account - opening balance</b>		<b>37,09,79</b>	12,38,10
Less: Transferred to -			
General reserve		<b>(5,88,40)</b>	(4,47,52)
Debenture Redemption Reserve		<b>(1,00,00)</b>	(55)
Effect of translation in AS 11		-	3,29,95
Tonnage tax reserve		<b>(2,39,14)</b>	(81,40)
Bond Redemption reserve		-	(10,80,33)
Interim dividend (Including Tax on Dividend)		<b>(2,62,49)</b>	-
Proposed dividend		<b>(2,38,76)</b>	(2,86,95)
Tax on Dividend		<b>(40,58)</b>	(48,77)
<b>Profit and loss account - closing balance</b>		<b>84,70,06</b>	37,09,79
<b>EARNINGS PER EQUITY SHARE</b>			
(Face value Rs. 10/- per share)			
Basic earnings per equity share	20 I	<b>36.65</b>	30.52
Diluted earnings per equity share	20 I	<b>34.26</b>	25.97

The accompanying schedules and notes are an integral part of this Profit & Loss Account

As per our attached report of even date  
**For HARIBHAKTI & CO.**  
Chartered Accountants

**Chetan Desai**  
Partner

Place : Mumbai  
Date : May 21, 2010

**FOR AND ON BEHALF OF THE BOARD**

Rear Admiral Kirpal Singh  
Mr. S. Sundar  
Mr. Satpal Singh  
Mr. Navpreet Singh  
Mr. V. Surendran

Executive Chairman  
Director & Audit Committee Chairman  
Managing Director  
Jt. Managing Director  
Company Secretary



**SCHEDULES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL  
STATEMENTS AS AT MARCH 31, 2010**

(Currency: Thousands of Indian Rupee)

**1. SHARE CAPITAL:**

**Authorised**

2,50,00,000 equity shares of Rs. 10 each

**Issued, subscribed and paid up**

1,57,57,471 (2009 - 95,64,933) equity shares of Rs. 10/- each fully paid.

**Note:**

Of the above shares 38,25,973 (2009 - Nil) shares are allotted as fully paid up by way of bonus shares by utilising share premium.

Of the above shares 23,66,565 (2009 - Nil) shares are allotted as fully paid up as a result of conversion of foreign currency convertible bonds.

**2. RESERVES AND SURPLUS:**

**General reserve-**

Opening balance

Add: Transfer from Profit and Loss account

Add: Transfer from Bond Redemption Reserve

Closing balance

**Bond Redemption reserve**

Opening balance

Add: Transfer from Profit and Loss account

Less : Transferred to General Reserve

Closing balance

**Debenture Redemption Reserve**

Opening balance

Add: Transfer from profit and loss account

Closing balance

**Tonnage Tax Reserve**

Opening balance

Add: Transfer from Profit and Loss account

Closing balance

**Share premium account**

Opening balance

Less : Utilisation for issue of bonus shares

Add: Capitalised on conversion of FCCB Bonds

**Profit and loss account**

**Foreign Currency Monetary Item Translation Difference Reserve**

**3. SECURED LOANS:**

Cash credit from scheduled banks

Loans from companies & banks

Term loans from banks

**Note:**

- The cash credit facilities and loans from bank are secured by the hypothecation of book debts, the fixed assets not secured against term loans and other current assets of the Company as well as personal guarantees of the whole-time Directors.
- Loan from companies & banks include loans of Rs. 10.20 lacs (2009 - Rs. 53.70 lacs) from banks under hire purchase schemes.
- Term loans from banks is secured by a first charge on the assets financed through the term loan.
- The current portion of loans repayable within one year including cash credit is Rs. 76,06.94 lacs (2009 - Rs. 49,80.95 lacs)
- Loan from banks are secured by the exclusive mortgage on the assets being financed, personal guarantees of the whole-time Directors of Dolphin Offshore Enterprises [India] Limited, Corporate guarantee from Dolphin Offshore Enterprises [India] Limited and Pledge of 30% of shares of the Subsidiary in favour of the Bank.

	2010	2009
<b>1. SHARE CAPITAL:</b>		
<b>Authorised</b>		
2,50,00,000 equity shares of Rs. 10 each	<b>25,00,00</b>	25,00,00
<b>Issued, subscribed and paid up</b>		
1,57,57,471 (2009 - 95,64,933) equity shares of Rs. 10/- each fully paid.	<b>15,75,75</b>	9,56,49
	<b>15,75,75</b>	9,56,49
<b>Note:</b>		
Of the above shares 38,25,973 (2009 - Nil) shares are allotted as fully paid up by way of bonus shares by utilising share premium.		
Of the above shares 23,66,565 (2009 - Nil) shares are allotted as fully paid up as a result of conversion of foreign currency convertible bonds.		
<b>2. RESERVES AND SURPLUS:</b>		
<b>General reserve-</b>		
Opening balance	<b>18,92,85</b>	14,45,33
Add: Transfer from Profit and Loss account	<b>5,88,40</b>	4,47,52
Add: Transfer from Bond Redemption Reserve	<b>21,47,96</b>	-
Closing balance	<b>46,29,21</b>	18,92,85
<b>Bond Redemption reserve</b>		
Opening balance	<b>35,30,26</b>	24,49,93
Add: Transfer from Profit and Loss account	<b>-</b>	10,80,33
Less : Transferred to General Reserve	<b>(21,47,96)</b>	-
Closing balance	<b>13,82,30</b>	35,30,26
<b>Debenture Redemption Reserve</b>		
Opening balance	<b>55</b>	-
Add: Transfer from profit and loss account	<b>1,00,00</b>	55
Closing balance	<b>1,00,55</b>	55
<b>Tonnage Tax Reserve</b>		
Opening balance	<b>1,89,39</b>	1,07,99
Add: Transfer from Profit and Loss account	<b>2,39,14</b>	81,40
Closing balance	<b>4,28,53</b>	1,89,39
<b>Share premium account</b>		
Opening balance	<b>13,84,61</b>	13,84,61
Less : Utilisation for issue of bonus shares	<b>(3,82,60)</b>	-
Add: Capitalised on conversion of FCCB Bonds	<b>35,73,52</b>	-
	<b>45,75,53</b>	13,84,61
<b>Profit and loss account</b>	<b>84,70,06</b>	37,09,79
<b>Foreign Currency Monetary Item Translation Difference Reserve</b>	<b>3,29,13</b>	27,06
	<b>1,99,15,31</b>	1,07,34,51
<b>3. SECURED LOANS:</b>		
Cash credit from scheduled banks	<b>23,24,48</b>	47,35,03
Loans from companies & banks	<b>1,21,68,65</b>	36,99,56
Term loans from banks	<b>7,72,26</b>	3,11,00
	<b>1,52,65,39</b>	87,45,59



# DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.

## 4. UNSECURED LOANS:

Foreign Currency Convertible Bonds -

0.5% Foreign currency convertible bonds redeemable - 2010

Fixed Deposits

From Shareholders & others

Short Term Loans and Advances

From Directors

From Companies

From Banks

2010

2009

16,18,74

53,92,80

89,50

54,50

1,21,15

1,11,15

90,00

5,35,00

-

35,00,00

19,19,39

95,93,45

Note: Fixed deposits repayable within one year amount to Rs. 35.00 lacs  
(2009 - Rs. 25.00 lacs)

## 5. DEFERRED TAX LIABILITY (NET) :

Difference between book and tax depreciation

Provision for diminution in value of investment

Provision for doubtful debts

Lease equalisation

Provision for leave encashment

Net impact of timing difference

Effective tax rate

3,88,09

4,87,88

-

(10,88)

(79,51)

-

(35,57)

-

(60,54)

(6,01)

2,12,47

4,70,99

33.22%

33.99%

70,58

1,60,09

(57)

(22)

70,01

1,59,87

Share in joint venture

Deferred tax (asset)/liability

## 6. FIXED ASSETS

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 01-04-2009	Additions during the year	Deduction / Adjustment during the year	As at 31-03-2010	Upto 01-04-2009	For the year	Deduction / Adjustment during the year	Upto 31-03-2010	As at 31-03-2010	As at 31-03-2009
<b>A. FIXED ASSETS</b>										
Freehold Land	1,10,27	-	-	1,10,27	-	-	-	-	1,10,27	1,10,27
Premises	12,78,52	-	-	12,78,52	2,78,29	67,41	-	3,45,70	9,32,82	10,00,23
Plant and Machinery	35,62,60	1,98,26	-	37,60,86	13,52,92	3,21,34	-	16,74,26	20,86,60	22,09,68
Office Equipment	1,51,50	19,45	-	1,70,95	29,48	23,58	-	53,06	1,17,89	1,22,02
Furniture and Fixtures	1,49,86	5,07	-	1,54,93	41,59	36,52	-	78,11	76,82	1,08,27
Motor Car	2,09,76	-	82,56	1,27,20	1,51,63	13,11	67,27	97,47	29,73	58,13
Computer	3,35,48	37,66	-	3,73,14	2,01,91	60,07	-	2,61,98	1,11,16	1,33,57
Vessel	27,37,97	61,99,29	-	89,37,26	13,37,77	3,29,17	-	16,66,94	72,70,32	14,00,20
<b>Total</b>	<b>85,35,96</b>	<b>64,59,73</b>	<b>82,56</b>	<b>1,49,13,13</b>	<b>33,93,59</b>	<b>8,51,20</b>	<b>67,27</b>	<b>41,77,52</b>	<b>1,07,35,61</b>	<b>51,42,37</b>
Previous Year	88,33,56	2,94,27	5,91,87	85,35,96	31,90,53	7,44,55	5,41,49	33,93,59	51,42,37	-
<b>B. CAPITAL WORK IN PROGRESS</b>									94,64,85	94,06,67
<b>TOTAL (A) + (B)</b>									<b>2,02,00,46</b>	<b>1,45,49,04</b>

### Note:

- The cost of fixed assets as at March 31, 2010 includes fixed assets of cash value of Rs. 168.27 lacs (2009- Rs. 168.27 lacs) which have been acquired on hire purchase by the Company from various finance companies and banks. As per the agreement with these organisations, the ownership of these assets will be transferred to the Company on payment of the last instalment.
- Premises include leasehold land of Rs.78.62 lacs (2009- Rs.78.62 lacs)





**7. INVESTMENTS:**

Long term unquoted

**In Mutual Funds -**

2,50,000 units of SBI - Infrastructure Fund - I- Growth long term unquoted at cost.

Less : Provision for diminution in value of investment

**In Equity Shares**

6,668 Shares of Bombay Mercantile Bank Ltd. @ Rs. 30/- per share

**8. INVENTORIES**

Stock of gas

**9. SUNDRY DEBTORS:**

**(Unsecured, considered good)**

Outstanding for less than six months

Outstanding for more than six months

Provision for doubtful debts

Share in joint venture

**10. CASH AND BANK BALANCES:**

Cash on hand

Balance with scheduled banks -

in current accounts

in fixed deposit accounts

Share in joint venture

2010	2009
25,00	25,00
-	(10,88)
25,00	14,12
2,00	2,00
27,00	16,12
33,16	34,05
33,16	34,05
1,20,63,18	89,88,20
68,56,56	85,23,49
1,89,19,74	1,75,11,69
(79,51)	-
1,88,40,23	1,75,11,69
1,85	16,55
1,88,42,08	1,75,28,24
12,28	16,35
7,58,09	1,84,65
11,52,28	9,15,63
19,22,65	11,16,63
7,91	5,38
19,30,56	11,22,01

1. The fixed deposit receipts of Rs. 11,33.29 lacs (2009 - Rs. 8,96.75 lacs) have been deposited with the State Bank of India in lieu of margin on Guarantees and Letters of Credit issued by the Bank.
2. Further, bank balance in current accounts includes Rs. 9.74 lacs (2009 - Rs. 7.78 lacs) in Unclaimed Dividend accounts. If the dividend remains unclaimed, these funds will be transferred to the Investor Education and Protection Fund on due dates



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## 11. OTHER CURRENT ASSETS: (Unsecured, considered good)

Insurance Claims Receivable \*  
Billable Costs  
Accrued Income  
Interest accrued but not due

\* Insurance claim receivable represent amounts claimed from Insurance Companies to cover the cost of repairs/spares etc. on damages caused to the Company's vessel/crane and the management is confident that the same will be realised in due course.

## 12. LOANS AND ADVANCES: (Unsecured, considered good)

Advances recoverable in cash or in kind  
Advance tax and tax deducted at source (Net)  
Advance to Creditors  
Deposits

Share in joint venture

## 13. CURRENT LIABILITIES:

Sundry creditors \*  
Bills/Letters of credit payable  
Accrued expenses  
Interest accrued but not due  
Unclaimed Dividend  
Other current liabilities  
Contract Income billed in advance

Share in joint venture

\* There are no amounts due to Micro, Small and Medium Enterprises units (2009 - Nil) as indicated by the Management.

## 14. PROVISIONS:

Proposed Dividend  
Tax on proposed Dividend

Share in joint venture

## 15. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

Preliminary Expenses  
Less: Amortised during the period

Share in joint venture

2010	2009
97,98	80,28
5,90,47	2,98,89
54,26,53	22,69,24
31,92	41,90
<b>61,46,90</b>	<b>26,90,31</b>
19,49,50	21,16,91
7,36,77	6,26,73
1,07	44
1,50,40	1,17,10
<b>28,37,74</b>	<b>28,61,18</b>
2,06	1,35
<b>28,39,80</b>	<b>28,62,53</b>
40,88,65	18,66,14
21,41,37	21,57,25
48,34,09	32,97,61
3,65	16,71
9,74	7,78
9,96,92	9,61,87
3,69	10,86,79
<b>1,20,78,11</b>	<b>93,94,15</b>
54,38	38,59
<b>1,21,32,49</b>	<b>94,32,74</b>
2,38,76	2,86,95
40,58	48,77
<b>2,79,34</b>	<b>3,35,72</b>
2,10	97
<b>2,81,44</b>	<b>3,36,69</b>
-	82
-	(24)
-	58
-	16,36
-	16,94



**16. OPERATING EXPENSES:**

	2009-2010	2008-2009
Employee costs	15,94,05	11,02,46
Subcontractor charges	1,12,65,94	72,59,29
Vessel charter and related cost	1,37,83,43	98,20,14
Equipment related expenses	12,22,39	10,05,22
Materials, stores and spares	1,08,72,35	19,07,40
Travel and conveyance expenses	1,61,63	1,60,56
Financial expenses	2,13,75	1,95,91
Other operating expenses	19,56,24	9,23,77
	<u>4,10,69,78</u>	<u>2,23,74,75</u>
Share in joint venture	32,77	14,67
	<u>4,11,02,55</u>	<u>2,23,89,42</u>

**17. GENERAL AND ADMINISTRATIVE EXPENSES:**

Employee costs	15,73,61	12,70,29
Rents, rates and taxes	1,71,78	1,63,26
Office related expenses	3,17,25	2,71,31
Travel and conveyance	1,49,00	1,02,55
Vehicle expenses	1,08,90	66,28
Promotional expenses	77,10	46,33
Legal and professional fees	4,49,15	2,30,65
Bad debts, net	(18,87)	39,82,18
Other balances written off (net)	16,27	71,46
Preliminary expenses written off	58	24
Other general & administrative expenses	2,17,74	1,43,41
Provision for diminution in value of investment	-	10,88
	<u>30,62,51</u>	<u>63,58,84</u>
Share in joint venture	37,25	18,29
	<u>30,99,76</u>	<u>63,77,13</u>

**18. MISCELLANEOUS INCOME:**

Foreign Exchange Gain / (Loss)	(5,40,45)	10,25,40
Interest received	82,44	51,84
Profit on sale of assets	5,76	58,38
Profit/(Loss) on sale of investment	10,88	-
Income from units of Mutual Fund	13,15	-
Sundry income	1,69,59	49,92
Sundry creditors written back	1,22	-
	<u>(2,57,41)</u>	<u>11,85,54</u>

**19. PROVISION FOR TAXATION, NET:**

Provision for Income tax	25,43,43	18,37,31
Provision for Wealth tax	-	11
Provision for Deferred tax	(89,51)	(3,08,58)
Provision for Fringe Benefit tax	-	41,95
	<u>24,53,92</u>	<u>15,70,79</u>
Share in joint venture ( Fringe benefit tax)	-	22
Share in joint venture ( Deferred tax Asset)	(35)	(22)
	<u>24,53,57</u>	<u>15,70,79</u>



**20. NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010**

**A. Summary of significant accounting policies:**

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

**[a] Basis of Consolidation –**

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements notified pursuant to Company's (Accounting Standards) Rules, 2006. The consolidated financial statements comprise the financial statements of Dolphin Offshore Enterprises [India] Limited (DOEIL) and its subsidiaries and joint venture.

The consolidation of its interest in joint ventures has been prepared in accordance with Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures'. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated. The Group's interest in the Joint Venture is accounted for using proportionate consolidation method. Separate line items are included to disclose the assets, liabilities, income and expenses of the joint venture.

The List of Companies which are included in consolidation and the Parent Company's holding therein are as under:-

No.	Name of the Company	Percentage holding		Place of Holding
1	Dolphin Offshore Enterprises (Mauritius) Private Limited	Subsidiary	100.00%	Mauritius
2	Global Dolphin Drilling Co. Ltd.	Subsidiary	59.96%	Mumbai – India
3	Dolphin International Risk Services Ltd.	Subsidiary	99.99%	Mumbai – India
4	Dolphin Offshore Shipping Ltd. (Formerly known as Procyon Offshore Service Ltd.,)	Subsidiary	100.00%	Mumbai – India
5	IMPac Oil & Gas Engineering (India) Pvt. Ltd.	Joint Venture	40.00%	Mumbai – India

The books of account of DOEMPL are maintained in U.S.Dollars. For the purpose of consolidation, the financial statements of DOEMPL have been translated into Indian Rupees as per the provision of Accounting Standard 11.

**[b] Fixed assets and depreciation -**

Fixed assets are valued at cost [except as stated below], which includes the purchase price of the asset, and other direct costs incurred in getting the asset at the appropriate location and into a condition where they can be put to use. Financing costs incurred up to the date that the asset is ready to be used is included in the cost of the asset if they are significant. Please see accounting policy on foreign currency transaction for treatment of exchange rate fluctuations on foreign currency loans taken for procurement of fixed assets. However, fixed assets costing up to Rs 5,000 individually are charged off in the year of acquisition.

In accordance with Accounting Standard 28, the Company will recognise impairment of fixed assets or a group of fixed assets, if their recoverable value (realisable value or discounted cash flow expected from the use of the asset) is lower than its carrying cost. If such indication exists, the carrying amount of such asset is lowered to the recoverable value and the reduction is treated as an impairment loss and is recognised in the profit and loss account.

Office premises were revalued by Rs. 2,19.99 lacs during the year ended March 31, 1994 based on the report of the approved valuer to reflect the market price prevailing on December 31, 1993. This revaluation had been done to recognise the significant appreciation in the market value of the office since the date of acquisition.

Depreciation [including depreciation on revalued portion of fixed assets] is calculated on the declining balance method at the rates and in the manner, stated in Schedule XIV of the Companies Act, 1956, except for ships [excluding barges], which is calculated on the straight-line method, and computer software which is amortised over a period of five years.



Leasehold land is amortised over the lease period.

Cost of improvement of leased premises is depreciated on straight line basis over lease period which also includes extension period available under lease agreement.

**[c] Investments -**

Quoted investments are valued at the lower of market value or cost. Market value is determined as the rate prevailing in the Stock Exchange at the close of business on the last working day of the financial year. Cost of investments is determined as the purchase price of the investments plus other direct costs incurred on establishing clear ownership of the investment.

Unquoted investments and investments in subsidiary companies or partnership firms are valued at cost. However, a provision is made for any long term or permanent diminution in value of shares below the cost price.

**[d] Recognition of Revenue and Expenses -**

The Company generally adopts the proportionate completion method of revenue recognition where revenues are recognised as and when work is completed e.g. per day, per square meter etc.

However, where the proportionate completion method cannot be easily implemented [e.g. on lump sum rate contracts], the Company adopts the completed contract method where revenues are recognised only when the contracts are fully completed, or easily identified portions of the contract are completed. At year end, expenses incurred on contracts for which revenues are not recognised are reflected as billable costs.

Revenues include the amounts due under various contracts entered into with customers, including reimbursable expenses and interest payable by the client on overdue payments as per the terms of contracts, plus the fees earned on the chartering of the Company's vessel to third parties when the vessel is not deployed on the Company's contracts. The corresponding costs of reimbursable expenses are reflected in operating expenses. Revenues include adjustments for rebates, discounts and downtimes, which arise in the course of business during the year.

Material, stores and spares are procured as per the needs of the projects and are charged to profit and loss account.

**[e] Foreign currency convertible bonds –**

Foreign currency convertible bonds ('non monetary liability') are recognised as debts until such time as the bonds are either converted into equity shares or are redeemed at the option of the bondholders. Foreign exchange gains or losses on the translation of the outstanding bonds and the interest payable on the redemption of bonds are recognised as contingent liabilities during the period that the bond holders have the option to convert the bonds into equity shares, but will only be booked as period costs or benefits on the expiry of the option period. The expenses incurred on raising these debts are booked as period costs in the year they are incurred.

A reserve for redemption of bonds is created over the duration of the bonds out of the Company's distributable profits. This reserve will be transferred to the General / Revenue Reserve on the conversion of the bonds into equity shares or on redemption of the bonds, whichever is earlier.

**[f] Foreign currency transactions -**

Foreign currency transactions are recorded in the books of account at the exchange rate prevailing on the date of the transaction. Any differences that arise in exchange rates on the date that these transactions are settled are recognised as foreign exchange gains or losses.

In the event that transactions are not settled as of year end, all foreign currency balances are translated using the exchange rate prevailing at year end, and any resulting foreign exchange gains or losses are recognised as period costs.

Gain or losses arising from translating the year end balances of foreign currency loans/liabilities incurred for acquisition of fixed assets are adjusted against the cost of fixed asset.

Investments in shares in foreign subsidiaries are recorded in the books of accounts at the historical exchange rates i.e. at the exchange rate prevailing on the date of subscribing to the shares.





**[g] Employees benefits -**

**Short Term Employee Benefits**

Liability in respect of short term compensated absences is accounted for at undiscounted amount likely to be paid as per entitlement.

**Defined Contribution Plan**

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

**Defined Benefit Plan**

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

**Other Long Term Benefits**

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

**[h] Deferred tax and Income tax -**

Deferred taxes arise due to the difference in recognition of income and expenses as per Company's books of account prepared as per generally accepted accounting principles and as per the income tax returns prepared in accordance with the provisions of Indian Income-tax Act, 1961. These differences may be permanent in nature, or they may represent a timing difference and consequently may affect the future profitability after tax of the Company.

In order to minimise the effect of deferred taxes in future years, the Company provides for deferred taxes using the liability method in accordance with the Accounting Standards 22 issued by the Institute of Chartered Accountants of India. Deferred taxation is recognised on items relating to timing difference, at the income tax rates prevailing on the balance sheet date, and is reviewed every year for the appropriateness of their carrying value on each Balance Sheet date.

Accounting for Taxes on income requires the Deferred tax Assets to be recognised only if there is virtual certainty supported by convincing evidence of future taxable income. In case of Dolphin Offshore Shipping Limited, the company's major business emanates from operating tonnage tax vessels for which there would be no timing difference. Accordingly the deferred tax liability relates to only one vessel which is non-qualifying asset under the tonnage tax presumptive taxation. The effect for deferred tax in respect of other assets is also given.

The deferred tax balance accumulated in the years prior to the first year when deferred taxes have been accounted for, have been created with a corresponding credit / charge to the Company's revenue reserves.

**[i] Earnings per share -**

Earnings per share have been calculated on the basis of the number of equity shares of Rs 10 each that are outstanding as at the balance sheet date. Diluted earnings per share is calculated on the basis of the weighted average of the number of equity shares outstanding as at the balance sheet date plus the dilutive equity shares that the Company may need to issue on convertible instrument.

**B. Disclosure Under AS – 15 (Revised 2005)**

Company has adopted the Accounting Standard (AS – 15) (Revised 2005) "Employee Benefits" effective from April 01, 2007.

**I. Defined Contribution Plans**

The Company has classified the various benefits provided to employees as under:

- a. Provident Fund
- b. Superannuation Fund
- c. Employees' Contribution to Employees' State Insurance
- d. Employers' Contribution to Employees' Pension Scheme 1995



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The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the Superannuation Fund is administered by the Trustee of the Life Insurance Corporation. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits. These funds are recognized by the Income Tax authorities.

The Company has recognised the following amounts in Profit and Loss Account:

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Employer's contribution to Provident Fund	<b>1,88,15</b>	1,21,52
Employer's contribution to Superannuation Fund	<b>27,61</b>	24,81
Employer's contribution to Employees State Insurance	<b>37,87</b>	21,87
Employer's contribution to Employees' Pension Scheme 1995	*	*
* Included in 'Employer's Contribution to Provident Fund'		

### II. Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme)

In accordance with the Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed by independent actuaries in respect of the aforesaid defined benefit plan based on the following assumptions:

<b>Particulars</b>	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Discount Rate (per annum)	<b>8%</b>	8%
Rate of increase in compensation levels (per annum)	<b>4%</b>	4%
Expected Rate of Return	<b>9.15%</b>	9.15%
<b>(a) Change in the Present Value of Obligation</b>		

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Present Value of Defined Benefit Obligation as at beginning of the year	<b>78,39</b>	58,00
Interest Cost	<b>6,27</b>	4,64
Current Service Cost	<b>16,62</b>	7,57
Benefits Paid	<b>(4,99)</b>	(4,80)
Actuarial (gain) / loss on Obligations	<b>48,46</b>	12,98
Present Value of Defined Benefit Obligation as at the end of the year	<b>1,44,75</b>	78,39

**(b) Changes in the Fair Value of Plan Assets**

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>Funded Scheme Gratuity</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Present Value of Plan Assets as at beginning of the year	<b>1,13,82</b>	58,38
Expected Return on Plan Assets	<b>10,21</b>	6,10
Contributions	<b>45,46</b>	54,14
Benefits Paid	<b>(4,99)</b>	(4,80)
Actuarial gains / (losses)	-	-
Assets Distributed on Settlement	-	-
Fair Value of Plan Assets as at end of the year	<b>1,64,51</b>	1,13,82



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(c) Percentage of each category of Plan Assets to total closing fair value of Plan Assets

Particulars	Amount (Rs. in '000)	
	Funded Scheme Gratuity	
	2009-2010	2008-2009
Bank Deposits (SP. Dep. Scheme, 1975)	-	-
Debt Instruments	-	-
Administered by Life Insurance Corporation of India	1,64,51	1,13,82
Others	-	-

(d) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

Particulars	Amount (Rs. in '000)	
	Funded Scheme Gratuity	
	2009-2010	2008-2009
Present Value of Funded Obligation as at end of the year	1,44,75	78,39
Fair Value of Plan Assets as at end of the year	1,64,51	1,13,82
Funded Liability / (Asset) as at the Balance Sheet date	(19,76)	(35,44)

(e) Amount recognised in the Balance Sheet

Particulars	Amount (Rs. in '000)	
	Funded Scheme Gratuity	
	2009-2010	2008-2009
Present Value of Defined Benefit Obligation as at end of the period	1,44,75	78,39
Fair Value of Plan Assets as at end of the period	1,64,51	1,13,82
Liability / (Asset) as at the end of the year	(19,76)	(35,44)

(f) Expenses recognised in Profit and Loss Account

Particulars	Amount (Rs. in '000)	
	Funded Scheme Gratuity	
	2009-2010	2008-2009
Current Service Cost	16,62	7,57
Past Service Cost	-	-
Interest Cost	6,27	4,64
Expected Return on Plan Assets	(10,21)	(6,10)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / Loss recognised in the Period	48,46	12,97
Total Expenses recognised in the Profit and Loss Account	61,13	19,09

(g) Actual Return on Plan Assets

Particulars	Amount (Rs. in '000)	
	Funded Scheme Gratuity	
	2009-2010	2008-2009
Expected Return on Plan Assets	10,21	6,10
Actuarial gains / (losses) on Plan Assets	-	-
Actual Return on Plan Assets	10,21	6,10



**C. Contingent Liabilities:**

- i) On December 23, 2005, the Company has issued 0.5% Foreign Currency Convertible Bonds which are due for redemption on December 23, 2010 unless the bond holders exercise their option to convert these bonds into equity shares. As at 31.03.2010, there is an unrealised gain in foreign exchange of Rs 1.44 lacs (2009 – Loss of Rs. 6,97.20 lacs) on value of bonds, while the yield to year till 31<sup>st</sup> March 2010 is Rs. 4,61.08 lacs (2009 – Rs.12,88.05 lacs).
- ii) As at March 31, 2010 the Company had contingent liabilities in respect of bank guarantees, issued to their customers of Rs. 59,79.13 lacs (2009 - Rs. 58,77.57 lacs) of which Rs. 59,11.78 lacs (2009 – Rs. 57,14.03 lacs) are outstanding as of date. These bank guarantees are secured by hypothecation to and in favour of the bank of the Company's entire book debts [present and future], outstanding moneys, engagements, securities, investments and rights and further secured by personal guarantee of Whole-time Directors.

- iii) Capital commitment and guarantees on behalf of subsidiary –

The Company's wholly owned subsidiary, Dolphin Offshore Enterprises (Mauritius) Private Limited is currently investing in a ship building programme worth US\$ 40 million. This Capital expenditure is being met through unsecured interest free loan of US\$ 20 million given by the Company and US\$ 20 million from term loans. In addition, the Company has given a corporate guarantee to the lenders of Dolphin Offshore Enterprises (Mauritius) Private Limited for US\$ 20 million (2009 – US\$ 20 million)

- iv) The Company has appealed the award of the Income Tax Appellate Tribunal (ITAT) on the block assessment of the Company under Sec.158BC of Income Tax Act 1961 raising a demand of Rs 52.97 lacs (2009 – Rs 52.97 lacs). The appeal filed against the disallowance of shipping reserve for A.Y. 1998-99 to A.Y. 2004-05 has been decided in favour of company. The final notice giving effect to this order is awaited.

During the year the company has referred to the tribunal against the order of CIT (A) disallowing dry-docking charges for A.Y. 2005-06 amounting to Rs. 24.94 Lacs.

The company has filed an appeal with the CIT(A) against the penalty levied under section 271(1)(c) for A.Y. 1998-99 to A.Y. 2004-05, which was decided in our favour except for the deduction claimed u/s 35D for which the matter has been referred to ITAT. Any liability arising in respect of the above matter will be booked on completion of the proceedings.

- v) During the year Dolphin Offshore Shipping Ltd. received orders issued under section 144 of I.T Act 1961 for A.Y. 2004-2005, A.Y.2005-2006 and A.Y.2007-2008 raising a demand of Rs. 4,45.98 lacs (2009 - Rs.22 lacs) The Company has filed an appeal with the Commissioner of Income Tax (Appeals) against the orders as the same has been issued without giving proper notice and opportunity to make our submissions.

**D. Borrowing cost:**

As stated in Schedule 18A (a), financing costs incurred up to the date the asset is ready to be used is included in the cost of the asset, if they are significant. Interest amounting to Rs. 2,47.22 lacs (2009 – Rs. 3,41.29 lacs) have been capitalised during the year.

All other borrowing cost is treated as revenue expenses. During the year the Company incurred the following borrowing costs charges to revenue.

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Interest on fixed deposits / term loans	<b>1,23,19</b>	92,07
Interest on FCCB	<b>26,44</b>	28,74
Other interest expenditure	<b>12,61,52</b>	11,42,18
Total Borrowing Cost:	<b>13,66,14</b>	12,62,99

**E. Segment reporting:**

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



**F. Related Party Disclosures:**

Related party transactions cover transactions between the Company and the following persons in accordance with the Accounting Standard 18 prescribed by Companies (Accounting Standards) Rules, 2006.

**1) Related party relationships:**

**a) Companies under common control:**

- i) Dolphin Offshore Projects Limited - under common control
- ii) Kanika Shipping Limited - under common control

**b) Key Management Personnel**

- i) Rear Admiral Kirpal Singh - Executive Chairman
- ii) Mr. Satpal Singh - Managing Director
- iii) Mr. Navpreet Singh - Joint Managing Director

**c) Relatives of Key Management Personnel with whom the Company has had transactions during the year.**

- i) Mrs. Manjit Kirpal Singh
- ii) Mrs. Prabha Singh
- iii) Mrs. Nitu Singh
- iv) Ms. Rishma Singh
- v) Master Rohan Singh
- vi) Mrs. Ritu Singh
- vii) Master Tarun Singh
- viii) Master Akhil Singh

**2) The Company's related party transactions and balances are summarised as follows:**

(Rs. in '000)

NATURE OF TRANSACTIONS	TRANSACTION DURING THE YEAR		OUTSTANDING BALANCE AS AT MARCH 31, 2010		OUTSTANDING BALANCE AS AT MARCH 31, 2009	
	2009-10	2008-09	(RECEIVABLE)	PAYABLE	(RECEIVABLE)	PAYABLE
<b>Companies under common control</b>				31,92		20,87
Hire charges paid	48,15	29,03				
Interest paid	-	2,84				
Unsecured loans received / (repaid), net	-	(84,00)				
<b>Key Management Personnel</b>				1,36,15		3,61,57
Remuneration	7,91,81	6,23,77				
Interest paid	15,14	8,59				
Unsecured loans received / (repaid), net	25	(51,60)				
<b>Relatives of Key Management Personnel</b>				44,00		94,00
Commission	11,31	8,92				
Interest paid	4,92	8,96				
Professional Fees	5,00	6,50				
Fixed deposits received / (repaid), net	5,00	8,50				
Unsecured loans received / (repaid), net	-	20,00				

Companies under common control	Unsecured loan / Fixed Deposit	Hire Charge / Rent Paid	Interest paid	Payables / (Receivables)
Dolphin Offshore Projects Limited	-	48,14	-	31,92





**Material related transactions:**

**Amount (Rs. in '000)**

Particulars	Unsecured loan / Fixed Deposit	Rent Paid	Interest paid	Remuneration	Professional Fees	(Receivables) / Payables
<b>Key Management Personnel</b>						
Rear Admiral Kirpal Singh			3,00	2,95,57		25,00
Mr. Satpal Singh			04	2,50,30		40
Mr. Navpreet Singh			3,69	2,45,94		30,75
Mrs. Manjit Kirpal Singh			6,60			55,00
Mr. Bipin R. Shah – H.U.F.	15,00		1,05			15,00
Mr. Arvind Parikh	10,00		76			10,00
	25,00		15,14	7,91,81		1,36,15
<b>Relatives of Key Management Personnel</b>						
Mrs. Prabha Chandran			36			3,00
Mrs. Ritu Singh			36		5,00	3,00
Master Tarun Singh	5,00		2,72			25,75
Master Akhil Singh			1,47			12,25
	5,00		4,92		5,00	44,00

**Notes:**

- Remuneration includes basic salary, allowance, perks and commission.
- The monthly reimbursement of expenses between the Company and related parties towards office expenses, provident fund etc., are not reflected in the statement above.
- There are no provisions for doubtful debts or amounts written off in respect of debts due to or from related parties.

**G. Hire Purchase Agreements:**

The Company has purchased assets under hire purchase arrangements which are repayable within three years from the date of agreement. During the year, the Company has paid instalments of Rs. 44.24 lacs (2009 – Rs. 49.87 lacs). The Company has a future liability of Rs.10.90 lacs (2009 – Rs. 59.28 lacs) towards the said agreements, of which Rs. 10.90 lacs (2009 – Rs. 48.38 lacs) is payable within one year.

**H. Lease commitments:**

**A. Disclosure in respect of Operating Lease**

- The minimum amounts payable in future towards non-cancellable lease agreements for premises are as follows:

<b>Particulars</b>	<b>Amount (Rs. in '000)</b>	
	<b>2009-2010</b>	<b>2008-2009</b>
Not later than one year	66,06	66,06
Later than one year not later than five years	3,39,37	3,39,37
Later than five years	7,57,18	2,28,52
<b>Total</b>	<b>11,62,61</b>	<b>6,33,95</b>

- Lease payments recognised in the statement of Profit & Loss for the period is Rs. 101.62 Lacs.



**B. Disclosure in respect of Finance Lease**

- a. The minimum amounts payable in future towards non-cancellable lease agreement for Vessel taken on lease is as follows

	<b>Amount (Rs. in '000)</b>	
<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>
Gross carrying amount of assets given on lease	<b>29,54,37</b>	-
Accumulated depreciation of assets given on lease	<b>1,27,48</b>	-
Depreciation recongnized in P & L for the year ended 31 <sup>st</sup> March 2010	<b>1,27,48</b>	-
<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>
Not later than one year	<b>7,21,09</b>	-
Later than one year not later than five years	<b>23,82,57</b>	-
Later than five years	-	-
<b>Total</b>	<b>31,03,66</b>	

**I. Earnings per share –**

Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

		<b>2009-2010</b>	<b>2008-2009</b>
Net profit after tax for the year	(Rs. in '000)	<b>62,29,91</b>	40,87,31
Add : Interest to be saved on conversion of bonds to shares	(Rs. in '000)	<b>9,16</b>	14,43
Diluted net profit for the year	(Rs. in '000)	<b>62,39,07</b>	41,01,74
Number of Ordinary shares	(Nos. in '000)	<b>1,57,57</b>	1,33,90
Weighted average shares (Basic)	(Nos. in '000)	<b>1,44,10</b>	1,33,90
Weighted average shares (Diluted)	(Nos. in '000)	<b>1,54,25</b>	1,58,10
Basic earnings per share	(Rs.)	<b>43.23</b>	30.52
Diluted earnings per share	(Rs.)	<b>40.44</b>	25.97

**Calculation of weighted average number of shares**

	<b>2009-2010</b>	<b>2008-2009</b>
Number of Ordinary Shares	<b>95,65</b>	95,65
Number of FCCB Bonds converted during the year	<b>38,25</b>	* 38,25
No of shares converted during the year	<b>10,20</b>	-
Total Number of Shares	<b>1,44,10</b>	1,33,90
Add: Deemed conversion of bonds to shares	<b>10,15</b>	24,20
Weighted average shares (diluted)	<b>1,54,25</b>	1,58,10

\*Consider for purpose of reinstatement as per AS – 20

**J. Debtors and Creditors**

- a. Balances in respect of creditors and debtors are subject to confirmation/reconciliation, wherever required.
- b. Sundry debtors includes amount outstanding from a customer amounting to Rs. 47.90 crores. This relates to a subcontract job done during 2006-07 and amount outstanding relates to change orders which are still under process of resolution by the ultimate client. Management believes that this amount will be received and hence no provision has been made in the books till date.



- c. During the course of execution of its EPC contracts, the Company has undertaken additional work which the Company can invoice only after the contracts have been completed and change orders agreed to by the clients. Due to this reason and other delays not attributable to the Company, the Company expects the liquidated damages of Rs. 23.89 Crores currently levied will be waived by its clients. Accordingly, liquidated damages of Rs. 23.89 Crores have not been provided.

**K. Particulars of Derivative Instruments as at March 31,2010**

- a) No derivative instruments are acquired for hedging purposes.  
b) No derivative instruments are acquired for speculation purposes.  
c) Foreign Currency exposures that are not hedged by derivative instruments or otherwise are :

**Details of amount payable:**

Sr.No.	Currency	2009-10		2008-09	
		Amount In Foreign Currency	Amount In Indian Rupees	Amount In Foreign Currency	Amount In Indian Rupees
1	EURO	1,555	94,145		
2	GBP	28,812	19,60,956	1,023	74,424
3	SING.\$	21,640	6,94,181	53,490	17,84,967
4	US\$	2,340,923	10,51,06,930	344,947	1,75,06,073

**Details of amount receivable:**

Sr.No.	Currency	2009-10		2008-09	
		Amount In Foreign Currency	Amount In Indian Rupees	Amount In Foreign Currency	Amount In Indian Rupees
1	EURO	4,302,604	26,05,22,686	582,583	3,91,72,887
2	US\$	3,435,436	15,42,32,031	11,804,753	59,87,37,102

**Bank Balances:**

Particulars	Currency	2009-10		2008-09	
		Amount In Foreign Currency	Amount In Indian Rupees	Amount In Foreign Currency	Amount In Indian Rupees
State Bank of India Singapore	US\$.	445,106	1,99,80,791	18,985	9,62,897
State Bank of India EEFC –US\$	US\$	3,967	1,78,064	-	-
State Bank of India EEFC –EURO	EURO	19,796	11,98,640	-	-

**L. Issue of shares:**

On 3<sup>rd</sup> July, 2009, the Company issued 38,25,973 bonus shares of Rs.10/- each in the ratio of 2 shares for every 5 shares held by utilization of share premium. Accordingly, equity share capital increased and share premium reduced by Rs.3,82,59,730.

During the year, the Company received notice from FCCB holders for conversion of 8398 bonds of US\$ 1000 each. Consequently, 23,66,565 equity shares of Rs.10/- each have been issued resulting in increase in equity share capital by Rs.2,36,65,650 and share premium by Rs.35,73,51,610.

**M. Prior year comparatives:**

The prior year figures have been reclassified wherever necessary for comparative purposes.



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**  
(Currency: Thousands of Indian Rupee)

	2009-2010	2008-2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX</b>	<b>86,83,48</b>	56,58,26
Adjusted for :		
Depreciation	8,51,20	7,44,55
Interest [Net]	12,22,46	12,11,50
Profit on sale of fixed assets	(5,76)	(58,38)
Profit on sale of investments	(13,15)	-
Preliminary expenses written off	16,94	2,94
Provision on Investment written back	(10,88)	-
Miscellaneous expenditure	-	(16,12)
Operating profit before working capital changes	<b>1,07,44,29</b>	75,42,75
Adjustments for :		
Trade and other receivables	(46,36,74)	(20,67,24)
Trade and other payables	26,99,75	13,59,76
<b>CASH GENERATED FROM OPERATIONS</b>	<b>88,07,30</b>	68,35,27
Direct taxes paid	(27,39,27)	(19,35,62)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>60,68,03</b>	48,99,65
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(64,59,73)	(2,94,27)
Capital work-in-progress	(58,18)	(47,41,85)
Sale of fixed assets	21,05	1,08,76
Investments made	-	10,89
Transfer to foreign exchange translation reserve	3,02,08	3,60,28
Interest received	95,59	51,84
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(60,99,19)</b>	(45,04,35)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowing, net	(33,12,80)	(5,97,79)
Proceeds from short term borrowing, net	(63,10,55)	(6,72,80)
Increase [decrease] in loan liabilities	84,69,10	26,33,11
Conversion of FCCB into shares	38,10,17	-
Interest paid	(13,04,90)	(12,63,34)
Dividend paid	(5,11,31)	(2,39,12)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>8,39,71</b>	(1,39,94)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>8,08,55</b>	2,55,36
<b>CASH AND CASH EQUIVALENTS AS ON 01.04.2009</b>	<b>11,22,01</b>	8,66,65
<b>CASH AND CASH EQUIVALENTS AS ON 31.03.2010</b>	<b>19,30,56</b>	11,22,01

As per our attached report of even date  
**For HARIBHAKTI & CO.**  
Chartered Accountants

**Chetan Desai**  
Partner

Place : Mumbai  
Date : May 21, 2010

**FOR AND ON BEHALF OF THE BOARD**

Rear Admiral Kirpal Singh  
Mr. S. Sundar  
Mr. Satpal Singh  
Mr. Navpreet Singh  
Mr. V.Surendran

Executive Chairman  
Director & Audit Committee Chairman  
Managing Director  
Jt. Managing Director  
Company Secretary



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANIES**

1	Name of Subsidiary Companies	Dolphin Offshore Shipping Limited (Formerly known as Procyon Offshore Services Ltd.)	Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd.	Global Dolphin Drilling Company Limited	Dolphin International Risk Services Limited
2	Financial Year Ending	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3	Date from which it became a subsidiary	August 31, 2006	November 2000	March 31, 1997	December 30, 2005
4	Extent of interest of the Holding Company in the capital of the subsidiary	100%	100%	59.96%	100%
5	Net aggregate amount of the Subsidiary's profit / (loss) not dealt with in the Holding Company's Account	IN RUPEES	IN RUPEES	IN RUPEES	IN RUPEES
	(i) Current Year	12,19,92,294	2,54,45,010	68,352	(45,177)
	(ii) Previous year's since it become subsidiary	8,43,23,538	45,14,933	12,26,403	(64,403)
6	Net aggregate amount of the Subsidiary's profit / (loss) dealt with in the Holding Company's Account				
	(i) Current Year	Nil	Nil	Nil	Nil
	(ii) Previous year's since it become subsidiary	Nil	Nil	Nil	Nil

**STATEMENT RELATING TO SUBSIDIARY COMPANIES AS ON MARCH 31, 2010**

Amount in Rupees

1	Name of Subsidiary Companies	Dolphin Offshore Shipping Limited (Formerly known as Procyon Offshore Services Ltd.)	Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd.	Global Dolphin Drilling Company Limited	Dolphin International Risk Services Limited
2	Issued, subscribed & Paid up	24,00,000	11,68,000	5,00,000	5,00,000
	Share Capital				
3	Reserves	24,32,82,973	6,28,50,524	Nil	Nil
4	Total Assets	40,27,17,057	1,60,22,30,573	18,05,476	5,03,958
5	Total Liabilities	40,27,17,057	1,60,22,30,573	18,05,476	5,03,958
6	Investments	2,00,040	Nil	Nil	Nil
7	Turnover	42,72,37,238	12,63,98,348	Nil	Nil
8	Profit / Loss before Taxation	12,20,34,383	3,07,88,665	1,01,352	(45,177)
9	Provision for Taxation	46,089	53,43,655	33,000	Nil
10	Profit / Loss after Taxation	12,19,88,294	2,54,45,010	68,352	(45,177)
11	Proposed Dividend	2,40,000	Nil	Nil	Nil



[illegible]

[illegible]

# DOLPHIN OFFSHORE ENTERPRISES (INDIA) LIMITED

Regd. Office: 1001, Raheja Centre, 214, Nariman Point, Mumbai - 400 021.

Date : June 25, 2010

Dear Shareholder,

## **Re : Payment of Dividend through Electronic Clearing Service (ECS)**

It has always been our endeavour to extend the best possible services to our shareholders. However, we find that you may encounter occasional difficulties mainly when we have to depend on external agencies. Of late, it has been noticed that dividend warrants forwarded by post are intercepted in transit and are fraudulently encashed by dishonest elements, causing a great deal of inconvenience to the shareholders and to the Company.

With a view to safeguard our mutual interest, we would strongly recommend that you avail of the Electronic Clearing Service (ECS) which had been introduced by the Reserve Bank of India (RBI), initially in the Metro Cities and which has now been extended to other cities where RBI and SBI has clearing centres. Under this system dividend payable to you, is directly credited to a bank account designated by you. No physical instruments are issued and information is electronically passed on to the RBI through our bankers. Upon receiving this information your bank would directly credit your account and indicate credit entry as "ECS" in your passbook / bank statement and intimation of "ECS" would also be sent to you separately. Therefore, with this facility, problems faced due to loss in transit, frauds, postal delays etc. would be avoided.

We would like to draw your attention to Circular No. DCC/FITTCIR-3/2001 dated 15<sup>th</sup> October, 2001 issued by SEBI, vide which the Companies are advised to mandatorily use ECS facility for distributing dividends, or other cash benefits etc. to the investors in areas where ECS facility is available. In the absence of availability of ECS facility, the Companies may use warrant for distributing the dividends.

In case of ECS facility is not made available to you by the Company at a particular centre, the dividend amount payable to you would be remitted by means of a dividend warrant which will be posted to your address with the particulars of bank viz. name of the bank, Account No. etc. furnished by you, duly incorporated on it.

Shareholders holding shares in dematerialised form are hereby informed that as per the above referred SEBI's circular, SHAREPRO SERVICES (INDIA) PVT. LTD., Share Transfer Agent of the Company will send dividend amount for credit into Shareholders' bank account through "ECS" wherever Bank particulars and MICR details are made available to them in the Beneficial Ownership Position provided by NSDL and CDSL for the purpose of dividend payment.

Further such shareholders i.e. who are holding their shares in dematerialised mode are requested to provide the Bank details/ charges, if any, only to the Depository Participant (D.P.) with whom demat account is maintained. **In this case details/ changes intimated to the Company or its Share Transfer Agent namely M/s. SHAREPRO SERVICES (INDIA) PVT. LTD. will not be considered.**

Shareholders holding shares in physical form and who wish to avail of this facility are requested to fill in the form given overleaf and return the same along with a photo copy of the cheque pertaining to the Bank Account where they would like the amount to be credited. Such forms should be received by **M/s. SHAREPRO SERVICES (INDIA) PVT. LTD.** Share Transfer Agent of the Company at the address as mentioned overleaf preferably **on or before 23<sup>rd</sup> July, 2010** so as to enable them to credit the future dividend entitlement to shareholders a/c. through ECS. Those shareholders who have already furnished the ECS details should ignore this circular.

This arrangement is subject to RBI guidelines issued from time to time.

### **Bank particulars**

Shareholders holding shares in physical form and who do not wish to opt for ECS facility or located in a place where such facility is not available are requested to inform the name, branch and a/c. no of their bank, if not provided earlier, **on or before 23<sup>rd</sup> July, 2010** in the format provided overleaf.

Such particular will be incorporated on the dividend warrant to avoid any fraudulent encashment.

Please note that ECS instructions will supersede the mandate instructions given earlier by you and noted in our records.

Yours faithfully  
For **Dolphin Offshore Enterprises (India) Limited**

**V. Surendran**  
Company Secretary

## ELECTRONIC CLEARING SERVICES (ECS) / BANK DETAILS MANDATE FORM

To,  
**M/s. Sharepro Services (India) Pvt. Ltd.**  
**Unit: Dolphin Offshore Enterprises (India) Ltd.**  
13 AB, Samhita Warehousing Complex,  
Second Floor, Sakinaka Telephone Exchange Lane,  
Off. Andheri Kurla Road,  
Sakinaka, Andheri (East),  
Mumbai - 400 072.

Dear Sirs

### Re: Payment of dividend

I have read the letter dated 25<sup>th</sup> June, 2010 from the Company giving the details of ECS scheme printed overleaf.

- # I wish to participate in the Electronic Clearing Service (ECS) introduced by Reserve Bank of India.
- # I do not wish to participate in the ECS. However, kindly print the bank particulars given below on the dividend warrant being issued to me.

1. Ref. Folio No. : \_\_\_\_\_
2. Particulars of Bank : \_\_\_\_\_
- a) Name of the bank : \_\_\_\_\_
- b) Branch Address : \_\_\_\_\_
- c) 9 digit code Number of the Bank & Branch as appearing on the MICR Cheque issued by the Bank : 

--	--	--	--	--	--	--	--	--
- d) Account type (Please tick) : 

<input type="checkbox"/>	Saving	<input type="checkbox"/>	Current	<input type="checkbox"/>	Cash Credit
--------------------------	--------	--------------------------	---------	--------------------------	-------------
- e) Ledger Folio No. (if any) of your bank account : \_\_\_\_\_
- f) Account No. : \_\_\_\_\_

I hereby declare that the particulars above given are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company or its Share Transfer Agent namely M/s. SHAREPRO SERVICES (INDIA) PVT. LTD. responsible.

Signature of the first holder

Date : \_\_\_\_\_

- Note :
- (1) Currently ECS facility is available at following centres : Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Faridabad, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Pune and Thiruvananthapuram.
  - (2) Please ensure that the details submitted by you are correct as any error therein could result in the dividend amount being credited to a wrong account.
- \* The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.
- # Delete whichever is not applicable.

# DOLPHIN OFFSHORE ENTERPRISES (INDIA) LIMITED

Regd. Office: 1001, Raheja Centre, 214, Nariman Point, Mumbai - 400 021.

Tel.: 2283 2226 / 34 / 42

## ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

Full Name of the member attending .....

Full name of the First Joint-holder .....

(To be filled in if first named joint-holder does not attend the meeting)

Name of the proxy.....

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the **THIRTY FIRST ANNUAL GENERAL MEETING** of the Company at M. C. Ghia Hall, Second Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Kalaghoda, Mumbai - 400 001 on Friday, July 23, 2010 at 1500 hrs (3.00 p.m.) (Tel. No. 22844350 / 22844401)

.....  
Member's / Proxy's Signature

Regd. Folio No. ....

(To be signed at the time of handling over this slip)

----- (TEAR HERE) -----

# DOLPHIN OFFSHORE ENTERPRISES (INDIA) LIMITED

Regd. Office: 1001, Raheja Centre, 214, Nariman Point, Mumbai - 400 021.

Tel.: 2283 2226 / 34 / 42

## PROXY FORM

I/We .....

of ..... in the district of .....

..... being member(s) of the above named Company, hereby

appoint .....

of ..... in the district of .....

or failing him .....

of ..... in the district of .....

as my / our proxy to vote for me / us on my / our behalf at the **THIRTY FIRST ANNUAL GENERAL MEETING** of the Company at M. C. Ghia Hall, Second Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Kalaghoda, Mumbai - 400 001 on Friday, July 23, 2010 at 1500 hrs (3.00 p.m.) (Tel. No. 22844350 / 22844401)

Signed this ..... day of ..... 2010.

Regd. Folio No. ....

No. of Shares held: .....

Please affix  
Revenue  
Stamp

The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Annual General Meeting.







## **DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.**

Head Office: LIC Building, Plot No 54, Sector 11, CBD Belapur (E), Navi Mumbai-400614

Tel: (91) 22-66026602 Fax: (91) 22-66026603

Registered Office: 1001, Raheja Center, 214 Nariman Point, Mumbai-400 021

Tel: (91) 22-22832226, 22832234 Fax: (91) 22-22875403

Email: [customers@dolphinoffshore.com](mailto:customers@dolphinoffshore.com)

Website: [www.dolphinoffshore.com](http://www.dolphinoffshore.com)