



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



**28th Annual Report 2006-2007**



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

## **BOARD OF DIRECTORS**



Standing (Left to Right) : Mr. Robert D. Petty, Mr. Navpreet Singh, Mr. Satpal Singh, Mr. S. Sundar, Mr. Bipin R. Shah.

Sitting (Left to Right) : Dr. Faqir Chand Kohli, Rear Admiral Kirpal Singh, Mrs. Manjit Kirpal Singh, Mr. S. Venkiteswaran, Mr. Arvind K. Parikh.





# DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.

## BOARD OF DIRECTORS

Rear Admiral Kirpal Singh	Chairman & Managing Director
Mr. S. Venkiteswaran	Vice Chairman
Mr. Arvind K. Parikh	Director
Mr. Bipin R. Shah	Director
Dr. Faqir Chand Kohli	Director (Appointed as Additional Director w.e.f. October 31, 2006)
Mrs. Manjit Kirpal Singh	Director
Mr. Robert D. Petty	Director
Mr. S. Sundar	Director
Mr. Satpal Singh	Jt. Managing Director
Mr. Navpreet Singh	Jt. Managing Director

## COMPANY SECRETARY

Mr. V. Surendran

## AUDITORS

Haribhakti & Co.

## BANKERS

State Bank of India  
SBI Commercial & International Bank Ltd.

## REGISTERED OFFICE

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

## CONTENTS

1. Chairman & Managing Director's Message .....	02
2. Profile .....	03
3. Notice .....	17
4. Directors' Report .....	20
5. Auditors' Report.....	41
6. Balance Sheet.....	44
7. Profit & Loss Account.....	45
8. Schedules to the Annual Accounts .....	46
9. Auditors' Report on Consolidated Financial Statements.....	61
10. Consolidated Balance Sheet .....	62
11. Consolidated Profit & Loss Account.....	63
12. Schedules forming part of Consolidated Accounts .....	64
13. Reports & Accounts of Subsidiary Companies.....	76

## Message from the Chairman & Managing Director



Dear Shareholders,

Around this time, last year I shared with you the planned progress of your Company and I am happy to report that it is progressing well.

Our Sale Revenue for the year improved by 13.52% while the Net Profit increased by 60.32% over the previous year. This year your Company has declared 25% as dividend on the enhanced Share Capital.

Your Company, through its wholly owned subsidiary set up in Mauritius have signed a Contract with M/s. Shoft Engineers Pvt. Ltd. for construction of one 275 Men DP2 Accommodation/ Crane Barge. The construction of two work boats cum supply vessels by M/s. Alcock Ashdown (Gujarat) Ltd. is progressing well, however there may be some delay

in their delivery due to delay in delivery of certain equipments. The said vessels and Barge are likely to be delivered during March 2008 and December 2008 respectively.

Your Company is also in the process of acquiring a 450 ton Kobelco 7450 Crane for an approximate cost of US\$2.75 million for installation on the construction barge. Until such time the barge is ready, the said crane will be used in the ongoing turnkey jobs of the Company.

In view of the acute shortage of qualified divers, diving technicians and ROV personnel not only in India, but worldwide your Company is in discussion with Government of India and the Norwegian Government to set up a state of the art Institute for research activities and promoting the development of Underwater and Deepwater Technology in India.

In August 2006, your Company had acquired 100% stake in Procyon Offshore Services Pvt. Ltd. This wholly owned subsidiary has done reasonably well and expects to perform well in the coming years due to increase in charter rates. Procyon has also plans to strengthen its fleet.

Your Company also plans to set up a Shipbuilding, Ship Repair cum Fabrication Yard at Jafrabad, Gujarat. The Gujarat Maritime Board has approved our proposal; formal communication is expected soon.

As you are aware that your Company had issued US\$15 million Foreign Currency Convertible Bonds (FCCBs) on December 22, 2005, we are pleased to inform you that your Company has received a Conversion Notice from the Bondholders, M/s. Clearwater Capital Partners for the conversion 3000 Bonds of US\$1000/- each. Hence, your Company would be allotting 6,04,933 Equity Shares of Rs.10/- each at a premium of Rs.215/- per share.

As you are also aware that your Company is presently operating from its offices at Nariman Point, Bandra and Vashi (Navi Mumbai) and in order to bring all the divisions under one roof and also to cater to the current and future expansion, your Company will soon be shifting to its new office at its leased premises at CBD, Belapur (Navi Mumbai).

Your Company has made steady progress towards filling the absence of an Indian marine construction contractor. Once the new built vessels join the Company's fleet, the Company will have completed the first phase in its march towards this goal. Your Company will enter into strategic alliances with overseas companies having offshore pipe laying and heavy lift capability so that the combined resources of these alliances can undertake the full range of offshore construction work.

I am happy to inform you that the Ex. CMD of Tata Consultancy Services Ltd. and Founder of Indian Software Industry Dr. Faqir Chand Kohli has joined the Board of your Company. This is yet another milestone towards the induction of professionalism in the working of your Company.

I take this opportunity to convey my appreciation to our very committed and loyal employees who have been responsible for the Company's growth. It is due to their efforts that your Company has built up a reputation of reliability, diligence and dependability.

Date : July 16, 2007

Place : Mumbai



## VISION STATEMENT

It is the intention of Dolpjin Offshore Enterprises (India) Limited to become a world class oil and gas services / marine construction company providing integrated services to the oil and gas industry with dominant Indian leadership and significant presence in the international market.

## MISSION STATEMENT

- To always meet our customers requirements and to be their first choice supplier for our range of products / services.
- To establish and maintain ourselves as one of the leading companies in India in the business of Topside and Underwater / Diving services, inspection maintenance and repair, the execution of turnkey projects related to Offshore structures including process and unmanned platforms, rings/ floaters, SBMs, pipeline, etc.
- To provide efficient and cost effective services.
- To enhance our reputation for quality products, service and civic responsibility through continuous improvement.
- To ensure a fair return of investment.
- To conduct incident free operations.

## QUALITY POLICY

The policy of the Dolphin Offshore Enterprises (India) Limited is to always meet the customer as well as statutory and regulatory authority requirements and expectations through the development and maintainance of Quality Management Systems in conformance with the ISO 9001:2000 International Standard and the ISM code, and to continuously improve the effectiveness of the same. This management system shall be the means through which the Company's Mission, Policies and Quality Objectives will be achieved.

## HEALTH, SAFETY, SECURITY & ENVIRONMENT POLICY

It is the policy of Dolphin Offshore Enterprises (India) Limited to provide safe and environmentally friendly services at all times.

The objectives of this policy are to prevent death or injury to personnel, damage or accident to vessels, equipment, cargo and property and the prevention of pollution of the environment.

To achieve this objective, Dolphin's Management is committed to meet customer, statutory/ regulatory requirements, provide the necessary training and resources, exercises similar control over sub contractors and continuously improving the environment performance and safety record of the Company.

The employees in turn are expected to exercise self discipline, be safety and environment conscious, take necessary steps to prevent injury to themselves and others and maintain open and effective lines of communication.

We at Dolphin Offshore Enterprises (India) Limited acknowledge that personnel are our biggest assets and therefore place emphasis on their welfare and safety. We will implement this policy and maintain it in purpose and intent at all levels of the organization, be it offshore/ onboard or ashore.

We will make available this policy to shareholders and public on demand.

## **SECURITY, ARMS AND AMMUNITION, POLICY**

It is the policy of Dolphin Offshore Enterprises (India) Limited to ensure that:

- ➔ Security of Clients, Employees, Subcontractors, Infrastructure, Assets, Documents and Sensitive information are adequately protected.
- ➔ The possession, use of Arms and Ammunition is strictly prohibited.

The management is committed to maintaining law and order within the areas of its operation.

This HSSE Management Systems shall be the means through which the Company's Mission, Policies and Objectives will be achieved.

## **DRUGS AND ALCOHOL POLICY**

The Company believes in promoting, providing and maintaining a safe, hazard free working environment, to protect employee health and client's/ Company property and to promote safe and efficient operations.

To achieve this objective, the possession, use and consumption of drugs and alcohol on any marine vessel, offshore installation or work site operated/owned by the company is strictly prohibited.



## PROFILE

**Introduction :** Dolphin Offshore Enterprises (India) Limited was established in the 1979 by Rear Admiral Kirpal Singh and Mr. Shavax Lal to develop indigenous capability in the offshore oilfield services sector and to help in the development of the Indian offshore oil and gas industry. Starting initially as a diving contractor with the backup technical support of M/s. Taylor Diving Inc., the Company over the years has expanded its activities to include a wide range of services as under:

- ➔ Diving and underwater services
- ➔ Marine operations and management services
- ➔ Turnkey Marine construction services
- ➔ Topside / Fabrication services
- ➔ Inspection, Maintenance, Repairs and Modifications of offshore structures
- ➔ Ship Repair services

The Company floated its maiden Initial public Offering in 1994 and is listed on the Mumbai (Bombay) Stocks Exchange and National Stock Exchange of India.

All the Company's products have been certified to the ISO 9001:2000 Quality Assurance standards including the ISM and ISPS Codes related to Marine Operations.

The Company has set up its presence in the Middle East, viz. in Saudi Arabia, Qatar, Kuwait, UAE and Iran through Joint Venture and Agency /Representation Agreements.

**Clients List:** The Company has a large clientele which is a mix of local and international oil and gas companies and EPC contractors including :

- |  |  |
|--|--|
| ① Oil & Natural Gas Corporation Ltd. (ONGC)        | ① Hindustan Shipyard Ltd.              |
| ① Larsen & Toubro Ltd.                             | ① Instrumentation Ltd.                 |
| ① Hyundai Heavy Industries Co. Ltd.                | ① J. Ray McDermott                     |
| ① Indian Oil Corporation Ltd.                      | ① Indian Coast Guard                   |
| ① Engineers India Ltd.                             | ① N K K                                |
| ① British Gas Explortation & Production India Ltd. | ① Brown & Root                         |
| ① Aban Lloyd                                       | ① Mazagon Dock Ltd.                    |
| ① Iranian Offshore Engineering & Const. Co.        | ① Naval Dockyard / Indian Navy         |
| ① Bechtel International Inc.                       | ① Nuclear Power Corporation            |
| ① Snamprogetti                                     | ① Oil India Ltd.                       |
| ① C. C. C. (Underwater Engineering)                | ① Saipem                               |
| ① Cairn Energy India Pty Ltd                       | ① Spie Capag                           |
| ① Cochin Shipyard Ltd.                             | ① Shipping Corporation of India        |
| ① ETPM   | ① Sundowner Offshore International     |
| ① Essar Oil Ltd.                                   | ① Great Eastern Shipping Co. Ltd.      |
| ① Essar Shipping                                   | ① Tidewater Marine International, Inc. |
| ① Essar Construction                               | ① Transocean Sedco Forex Intl.         |
| ① Fugro Geonics Pvt. Ltd.                          | ① Global Offshore Industries, L.L.C.   |
| ① Hindustan Petroleum Corporation Ltd.             | ① Oceaneering International            |

## DIVING AND UNDERWATER SERVICES

**Experience :** The Company has been providing the full range of diving and underwater services (air, mixed gas, saturation diving and ROV operations) to the Indian Offshore Oil and Gas Industry since our inception in 1979. The Company has also provided these services overseas in Iran, Indonesia, Thailand and Seychelles.

**Expertise :** Our highly qualified team comprises Diving Superintendents, Supervisors, Divers and Technicians. They have been trained to international standards and possess relevant qualification certificates issued by the Health & Safety Executive of the UK, International Marine Contractors Association and / or other equivalent certifying authorities. They have vast experience in undertaking inspection, maintenance, repairs, non-destructive testing and construction works related to offshore structures.

**Equipment & Facilities :** The Company owns equipment for providing air, mixed gas and saturation diving including for underwater operations such as underwater welding and cutting equipment, NDT inspections, CCTV and hydraulic equipment, air lift equipment, etc. The Company has its own Diving workshop for storage and maintenance of equipment.

The Company also has a full fledged reporting department catering to the preparation of reports, engineering drawings, submittal of pre-engineering and post installation survey reports etc.

**Services :** Our wide range of diving and underwater services include:

- ➔ Underwater construction services including pre-engineering surveys, clamp/conductor/riser/l-tube installation.
- ➔ Diving support during laying of pipelines, repairs of pipelines, free span correction and cross over works.
- ➔ SBM/SPM installation, operation and maintenance.
- ➔ Inspection, maintenance and repair of platforms, rigs and pipelines
- ➔ Underwater ship repair/maintenance work including underwater cleaning, leak repairs. Also deployment of cofferdam and wet welding techniques where applicable.
- ➔ NDT inspections as per ABS, DNV and USCG certification requirements. Re-certification of offshore platforms and Rig support diving services.
- ➔ Sub-sea modification to offshore structures, anode re-locations.
- ➔ All types of sub-sea installation services in support of marine construction projects.
- ➔ Repairs to dams.

**ROV Services:** To meet the requirement of the ONGC deepwater program, Dolphin has been providing ROV services to ONGC on board their drill ships Sagar Vijay and Sagar Bhushan, in collaboration with M/s. Oceaneering International.





## FABRICATION AND PLATFORM TOPSIDE INSTALLATION/ MAINTENANCE SERVICES

**Experience :** We have been providing turnkey services including procurement, onshore/offshore 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 since 1989.

**Expertise :** Our engineers and technicians are from premier engineering institution with management and technical expertise in executing offshore and onshore contracts to cater to the quality and safety requirements of our company and that of our clients.

**Facilities :** Our fabrication workshops / facilities are located near Navi Mumbai, India and the Company owns the required equipment for fabrication as also for offshore installation works. This includes generators, welding and gas cutting equipment, lathes, shaping machines, pipe bending machines, grinders, radial drilling machines, power hack saw, hydraulic press, air compressors, installation and lifting equipment including "A" frames, chain blocks and tackles, scaffolding, submersible pumps, NDT equipment, pneumatic tools etc.

**Pre-Engineering Surveys :** Topside pre-engineering surveys of offshore structures is undertaken prior to commencement of engineering and fabrication/installation works.

### Fabrication Services (Onshore and Offshore Projects)

- ➔ Includes all types of metals including NACE, Carbon steel, Inc Alloy SS, DSS, Cu-Ni etc. The Company has WPS/PQR approved from certification bodies such as ABS, EIL, BV, DNV, IRS etc.
- ➔ Includes piping pre-fabrication works related to flow arms, piping conductors, etc.
- ➔ Includes structural works comprising of various types of modules/ assemblies not limited to riser and anode clamps, walkway bridge, equipment foundation/seating, PLEM, I-tubes, other riser structural etc.
- ➔ Fabrication of a jack up Rig (Friendly Dolphin I)

### Offshore Topside Installation /Maintenance Services

- ➔ Topside modification of platform, clamp-on structures, clamps and protector installation, deck extensions, boat landing and running of conductors.
- ➔ Platform revamp, including painting, replacement of gratings/ handrails, pipings, structures etc.
- ➔ Pig receiver and launcher works.
- ➔ Replacement of equipment/systems not limited to FG skid, Chlorinators, Deluge systems, Cranes etc.
- ➔ Installation of piping flow arms, viser piping, water injection lines etc.
- ➔ Revamp of living quarters.
- ➔ Hook-up and commissioning services.
- ➔ Instrumentation and electrical works.

**Onshore Installation Services :** Includes installation of piping and steel modules related to Nuclear Power plants, Refineries, etc.

**Manpower Supply :** Provision of skilled/semi-skilled manpower including Welders, Fitters, Riggers, QA/QC personnel etc. to clients in India and abroad.





## MARINE OPERATIONS AND MANAGEMENT SERVICES

**Experience :** Experience in owning, technical management operations and crewing for various types of vessels since 1985.

**Expertise :** Our onshore Marine base management team and vessel personnel are trained per STCW/International Maritime Laws/Indian Maritime Laws and certified and registered as per the Indian Maritime Board. They are experienced in managing and operating vessels to ensure optimum availability of vessels per client/company requirements.

Implementation of ISO 9001:2000 Quality Assurance standards including the ISM and ISPS code.

### Equipment / Facilities :

- ➔ Storage and ship repairs facilities, which add to the efficiency of our vessels operations.
- ➔ A wide network of reliable suppliers to support our marine operations and management activities.
- ➔ A large database of vessel crew.
- ➔ M. V. Ganga Dolphin, the 2200 BHP vessel owned by Dolphin is suitable for surveys, air diving and logistical support.
- ➔ M.V. Brahmaputra Dolphin workboat having accommodation of 62 personnel is also owned by Dolphin.
- ➔ M. V. Krishna Dolphin and M. V. Godavari Dolphin, 6000 BHP each AHT-cum supply vessels owned by Dolphin are suitable for towing, anchor handling and diving support.
- ➔ The Company through its wholly owned subsidiary has placed order for constructing two work boats cum supply vessels and one 275 Men DP2 Accommodation/Crane Barge.

### Operation and Management of Vessels

- ➔ Dynamically positioned vessels including Multi Support Vessels (MSV), DSV, Marine Construction vessels, Geo-technical vessels
- ➔ Offshore supply vessel, AHTS
- ➔ SBM operation and maintenance vessel
- ➔ Mini Bulk Carriers
- ➔ Cargo vessels
- ➔ Lighterage operations
- ➔ Crane barge
- ➔ The Company also provides crewing/manpower services.

### Provision of Marine Spread Turnkey Contracts

The Company provides and controls operations of the following types of Marine spread during turnkey marine construction projects.

- ➔ Accommodation/Construction barges
- ➔ Offshore Supply Vessels / AHTS
- ➔ Utility vessels
- ➔ DP MSV/DSV
- ➔ Cargo barge and tug
- ➔ Workboats.





## TURNKEY MARINE CONSTRUCTION PROJECTS

Dolphin is one of the few companies in the world, which provides all the three dimensions of marine construction services, viz. Marine operations, Diving services and Topside/Fabrication services to execute offshore projects on a turnkey basis independently.

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

- ➔ Pre-engineering, pre-construction and post installation surveys of offshore structures.
- ➔ Installation of riser, conductor, l-tube, anodes and related clamps.
- ➔ Hook-up and commissioning of platforms.
- ➔ Diving and topside support during rigid and flexible pipe lay operations.
- ➔ Revamp/painting of offshore structures. Free span corrections and crossovers.
- ➔ Topside modification work.
- ➔ Installation of walkway bridges and other structures including PLEM, deck extensions, etc.
- ➔ Marine load, sea fastening and transportation.

### SHIP/JACK-UP RIG REPAIR SERVICES

**Experience :** Providing repair facilities to ships and drilling rigs, in dry dock and floating condition since year 1991. Services include electrical, air conditioning, refrigeration, engines, piping and deck and hull repair work.

**Expertise :** Highly experienced and qualified personnel with wide ranging expertise in repair and maintenance of ships and jack-up rigs.

**Facilities :** Dolphin has workshops and related facilities just outside Mumbai, India which are equipped to carry out ship repairs. Dolphin is registered with Director General of Shipping and is licensed for dry dock repairs at Mumbai Port Trust, India.

### Ship Repair Services

- ➔ Floating, dry dock and in-situ emergency repairs.
- ➔ Underwater repairs/maintenance during mandatory dry docking including works related underwater cleaning, painting, valves, structural, propellers etc.
- ➔ Piping and structural repairs, Engine repairs and overhauls, electrical, electronic and hydraulic repairs.

### Jack-Up Rigs Repairs

- ➔ Underwater repairs to legs and spudcan without dry docking using cofferdams or semi-submersibles.
- ➔ Hull plating/structural and piping repairs/replacement, shock pads, coating replacements.
- ➔ Repairs to jacking system, rack teeth, drilling equipment etc.
- ➔ Living quarter repairs/refurbishment.
- ➔ Repairs to shale shaker leg bracings, jacking unit, raw water tower, etc.





## OWNED VESSELS

### M.V. GANGA DOLPHIN



2200 BHP Survey, Safety stand by, Air Dive support vessel

<b>Flag</b>	: Indian
<b>Classification</b>	: IRS
<b>Year of Built</b>	: 1982
<b>Builder</b>	: INAMURA ZOSEN, JAPAN
<b>Dimension</b>	
Length Overall	: 39.0,(128'0")
Beam, moulded	: 8.5m (21'10")
Depth, moulded	: 3.5m (11'6")

#### Machinery

Main Engine	: 2200 BHP
Bow Thruster	: Omni-directional Schottel cone jet, type SkJ8 developing 1.5 tons thrust with Yanmar 6HAL-HTN 240 BHP diesel engine.

#### Speed and consumption

Max Speed at 110%	
MCR	: 12 knots @ 6.4 T/day
Economical speed	: 8 knots @ 5.4 T/day

#### Capacities

Clear deck space	: 10.97m x 6m (36' x 19.8')
------------------	-----------------------------

#### Deck machinery

Deck crane	: Hiab 965 hydraulic 3 tonnes SWI at 3.6 m
Capstans	: 2 x 5 tonnes at 12m/min electric stern capstans.

#### Accommodation

: 24 berth-fully air-conditioned
----------------------------------

#### Electronics

: Radar, Echo Sounder, Gyro compass, Auto Pilot, GMDSS, SSB Radio, VHF Radio, Intercom, Computer, Printer.
--

#### Miscellaneous

: Zodiac inflatable workboat with 25HP outboard motor. Safety equipment including EPIRBS SARTs complies with SOLAS requirement.
---

### M.V. BRAHMAPUTRA DOLPHIN



Multi purpose survey / support vessel, Worboat

<b>Flag</b>	: Indian
<b>Classification</b>	: IRS/ABS+A1(E)+AMS ISM SMC
<b>Year of Built</b>	: 1976
<b>Builder</b>	: Quality Equipment (Inc) Houma, USA
<b>Dimension</b>	
Length Overall	: 57.91 m
Breadth	: 12.19 m
Depth	: 4.88 m
Summer draft (EXT)	: 3.53 m
Gross Tonnage	: 1008 tonnes
Net Tonnage	: 302 tonnes

#### Machinery

Main Engine	: Deutz
Bow Thruster	: Jastran 06F, 500HP, 6.7T

#### Speed

Cruising Speed	: 10.5 knots Fuel T/D 4.7
Survey Speed	: 3.0 knots fuel T/D 2.0

#### Electronic

: Radar, Fathometer, Gyrocompass, AutoPilot, Navtex, GMDSS, GPS, HF Radio, VHF Radio
--

#### Capacities

Gas Oil	: 243m3
Fresh Water	: 159m3
Clear Deck Space	: 20m x 9.5m

#### Cranes

: 1 x Allied Marine Crane SWL6T @ 6 mtr.
: 1x National 5800 Crane SWL2.9T @8.2Mtr

#### Accommodation

: 63 berth (including crew)
-----------------------------

#### Mooring

: 4 point
-----------

#### Safety

: Central fire detection
--------------------------

#### Auxillaries

: 1 x DELCO alternators 125KW GM 8V-71 diesel engines 2 x Caterpillar alternators 250KW ea Caterpillar 3408 diesel engine.
--

#### Water maker

: 2x5t/ day
-------------



## OWNED VESSELS

### KRISHNA DOLPHIN



6000 BHP

<b>Flag</b>	: Indian
<b>Classification</b>	: IRS/BV + HULL + MACH Tug navigation
<b>Year of Built</b>	: 1982
<b>Builder</b>	: Robin Shipyard (Pte) Ltd., Singapore
<b>Dimension</b>	
Length Overall	: 61.35 m      201.28 ft.
Beam, moulded	: 13.11 m      43.00 ft.

Depth	: 5.50 m      18.00 ft.
Draft	: 4.49 m      14.73 ft.
Dead weight	: 1220.0 t
Gross Tonnage	: 1128.0 t
Net Tonnage	: 338 t

#### Machinery

Main Engine	: 2 x MAN Suizer 12 ASV 25/30 @ 1000rpm, 6000 BHP
Bow Thruster	: 1xKamome TC-30S, 306 BHP, 3.5 t

#### Speed and consumption

Max Speed	: 12 kts on about 12 mt/day
Economical speed	: 10 kts on about 7.8 mt/day

#### Capacities / Transfer Rates

Fuel Oil	: 414.09 m <sup>3</sup> -75m <sup>3</sup> /hr @ 60m head
Drill water	: 400.61 m <sup>3</sup> -110m <sup>3</sup> /hr @ 60m head
Potable water	: 194.93 m <sup>3</sup> -60m <sup>3</sup> /hr @ 60m head
Free Deck Space	: 34.7m x 10.8m = 375m <sup>2</sup>

#### Deck Equipment

AHT winch	: Fukushima, double-drum water-fall, hydraulic
Towing winch capacity	: 105 t line pull & 170 t brake load
Towing wire	: 700 m long x 56 mm diameter
Anchors	: 2x1040 kgs

#### Accommodation

: 31 berth in 12 cabins

#### Navigation

: Radar, Echo Sounder, Gyro compass, Auto Pilot, GMDSS, SSB, VHF Radio, GPS, VHF, AIS.



### GODAVARI DOLPHIN - 6000 BHP

<b>Flag</b>	: Indian
<b>Classification</b>	: IRS/GL + 100 A5, + MC FF1
<b>Year of Built</b>	: 1981
<b>Builder</b>	: Robin Shipyard (Pte) Ltd., Singapore

#### Dimension

Length Overall	: 61.35 m      201.28 ft.
Beadth	: 13.11 m      43.00 ft.
Depth	: 5.50 m      18.00 ft.
Draft	: 4.49 m      14.73 ft.
Dead weight	: 1220.0 t
Gross Tonnage	: 1206 t
Net Tonnage	: 362 t

#### Machinery

Main Engine	: 2 x MAN Suizer 12 ASV 25/30 @ 1000rpm, 6000 BHP
Bow Thruster	: 1xKamome TC-30S 306 BHP, 3.5 t

#### Speed

Maximum Speed	: 12 kts on about 12 mt/day
Economic speed	: 10 kts on about 7.8 mt/day

#### Electronic

: Radar, Gyro, Autopilot, GMDSS, GPS, Echo sounder, Nav Tex receiver, Inmarsat-C, SSB, VHF, VHF portable, AIS

#### Capacities / Transfer Rates

Fuel Oil	: 414.09 m <sup>3</sup> -75m <sup>3</sup> /hr @ 60m head
Drill water	: 400.61 m <sup>3</sup> -110m <sup>3</sup> /hr @ 60m head
Potable water	: 194.93 m <sup>3</sup> -60m <sup>3</sup> /hr @ 60m head
Free Deck Space	: 33.0m x 10.8m = 356.40m <sup>2</sup>

#### Deck Equipment

AHT winch	: Fukushima, double-drum waterfall, hydraulic
Towing winch capacity	: 105 t line pull & 170 t brake load
Towing wire	: 914 m long x 57 mm diameter
Anchors	: 2x1040 kgs

#### Accommodation

: 28 berth in 10 cabins

#### Fire Fighting - FIFI-1

Pumps	: 2 x 1200 m <sup>3</sup> /hr
Monitors (water/foam)	: 2 x 1200 m <sup>3</sup> /hr
Throw	: 116 m

## OWNED SATURATION DIVING SYSTEMS

### DOEL SDS 01



300 METERS 10 MEN SATURATION DIVING SYSTEM

#### Built

Refurbished By	: Dolphin Offshore Ent. (I) Ltd.
Year	: 2002
Testing/Standard	: IMCA
Classification	: DNV

#### Services Required

Electric Power System	: 440V, 50/60 Hz Electric Power
Hot Water Machine	: 440 V, 50/60 Hz
Emergency Generator	: 250 KVA, 440, 50/60 Hz
Compressed Air	: 400 cfm, 125 psi
Seawater	: 25 gpm
Fresh Water	: 3 gpm

### 300 METERS 10 MEN SATURATION DIVING SYSTEM

#### Living Accommodation Chambers

Main Diving Chamber	: 1 (17.63m <sup>3</sup> )	: 6men
HRC2(14.9m <sup>3</sup> )	: 4men	

#### Hyperbaric Evacuation System

Type	: Float away Chamber
Launch System	: Vessel Crane deployment
Propulsion	: Tow Only
Capacity Men	: 10
Control Van	: Dedicated w/umbilical

#### Diving Bell

Capacity Men	: 2/3
Diver Lockout Capability	: 1/2
Diver Hat Mounted	
Camera System	: 1
Volume	: 3.8m <sup>3</sup>
Mating to DDC	: Top
Buoyancy	: Negative

#### Umbilicals

Main Bell	: Jacques 165 meter
Lockout Diver 1	: 45 meter
Lockout Diver 2	: 47 meter
Type	: Gas Service Gesmiser
Pumps	: Williams & James
Bell Capacity	: 2 Divers Reclaim
Dive Control System	: Saturation System Inc.(USA)
Helmets	: KMB 17C

#### Life Support Machinery

Diver Hot water Unit	: J GRIVA ETCIE Const.
CMU Unit	: Kinergetics Inc.
Scrubbers	: Kinergetics Inc.

### DOEL SDS 02



200 METERS 8 MEN SATURATION DIVING SYSTEM

#### Built

Built	: 1984
Refurbished By	: Dolphin Offshore Ent.(I) Ltd.
Year	: 2004/2005
Testing/Standard	: IMCA

#### Services Required

Electric Power	
Supply Main Supply	: 500 Amps 440 V 60 Hz
Emergency Supply	: 250 Amps 400 V 60 Hz

### 200 METERS 8 MEN SATURATION DIVING SYSTEM

Compressed Air	: 200 cfm 125
Seawater	: 50 gpm
Fresh Water	: 3 gpm

#### Living Chambers

Main Chamber 1	: 6 men
(27.1 m <sup>3</sup> )	

#### Hyperbaric Rescue Chamber

HRC 1 (15m <sup>3</sup> )	: 8 men
Also use as decompression chamber for 2 men	

#### Diving Bell

Capacity	: 2 men
Diver Lockout Capability	: 1 man
Diver Hat Mounted	
Camera Systems	: 1
Volume	: 4.5m <sup>3</sup>
Mating to DDC	: Top

#### Umbilicals

Bell	: Jacques 180 meter
Diver	: 1:55 meter
Stand by Diver	: 57 meter

Disclaimer: Particulars of vessels and saturation diving system are believed to be correct and subject to revision without prior notice.



## SUBSIDIARIES FLEET

### A. PROCYON OFFSHORE SERVICES LIMITED

SR.#	VESSEL NAME	DWT (MT)	YR. BUILT	AVERAGE AGE (YRS)
1.	DCI TUG IV	2000 BHP	1976	31
2.	EVERPOWER	1200 BHP	1977	30
3.	KAMRUP	436 DWT	1983	24
4.	PIONEER STAR	940 BHP	DEC 1993	14
5.	SCH 3	700 BHP	1994	13
6.	MARINA MERCURY	1080 BHP	1997	10
7.	MARINA VENUS	1200 BHP	1997	10
8.	TIME SKIPPER	940 BHP	2002	5

### B. DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PVT. LTD.

New Building Order Book Position :

		Month of Contracting	Expected Delivery
(i)	Two Work Boats cum Supply Vessels	20-06-2006	March 2008
(ii)	275 Men DP Barge	07-02-2007	December 2008

# Certifications

## DIVING & UNDERWATER SERVICES

### ABS Quality Evaluations

**CERTIFICATE OF CONFORMANCE**  
This is to certify that the Quality Management System of  
**Dolphin Offshore Enterprises (India) Ltd.**

(WITH FACILITIES LISTED ON ATTACHED ANNEX)

has been assessed by ABS Quality Evaluations, Inc. and found to be in conformance with the requirements set forth by  
**ISO 9001:2000**

The Quality Management System is applicable to:

PROVISION OF DIVING AND UNDERWATER SERVICES INCLUDING THE EXECUTION OF CONTRACTS RELATED TO UNDERWATER NDT INSPECTION, PRE AND POST CONSTRUCTION SURVEYS, REPAIRS, INSTALLATIONS AND MODIFICATION TO OFFSHORE FIXED (PROCESS AND UNMANNED PLATFORMS, PIPELINES) AND FLOATING (SHIPS, JACK UP RIGS, SEMI SUBMERSIBLES) AS ALSO DIVING SERVICES RELATED TO ONSHORE STRUCTURES USING AIR, MIXED GAS AND SATURATION DIVING TECHNOLOGIES.

Further certification regarding the scope of the certificate and the applicability of ISO 9001:2000 requirements may be obtained by contacting the organization.

1. Certificate No. 04724  
2. Original of this certificate 04/04/2004  
3. Effective Date 04/04/2004  
4. Expiration Date 07/04/2005  
5. Issue Date 07/04/2004



*Al Eshar*  
Al Eshar, President



## TURNKEY PROJECT MANAGEMENT TOPSIDE/FABRICATION SERVICES

### ABS Quality Evaluations

**CERTIFICATE OF CONFORMANCE**  
This is to certify that the Quality Management System of  
**DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.**

(WITH FACILITIES LISTED ON ATTACHED ANNEX)

has been assessed by ABS Quality Evaluations, Inc. and found to be in conformance with the requirements set forth by  
**ISO 9001:2000**

The Quality Management System is applicable to:

PROVISION OF SHIP REPAIR SERVICES

1. Certificate No. 04724  
2. Original of this certificate 04/04/2004  
3. Effective Date 04/04/2004  
4. Expiration Date 07/04/2005  
5. Issue Date 07/04/2004



*Robert W. Collins*  
Robert W. Collins, President



## MARINE



### DOCUMENT OF COMPLIANCE

Issued under the provisions of the INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1974, as amended

Under the authority of the Government of India

Name and address of the Company: **DOLPHIN OFFSHORE ENTERPRISES INDIA PVT. LTD.**  
RAJAGHAT, BARHAT, WEST MEGHALAYA, INDIA  
6270 ROAD, Bhubaneswar (Or)

THIS IS TO CERTIFY THAT the Quality Management System of the Company has been assessed and found to comply with the requirements of the International Management Code for the Safe Operation of Ships and the Pollution Prevention (ISM Code), for the type of ships listed below (subject to amendments):

- Passenger ships
- Passenger high speed craft
- Cargo high speed craft
- Bulk carriers
- Oil tankers
- Chemical tankers
- Gas carriers
- Mobile offshore drilling units
- Other Cargo ships (COS)

This Document of Compliance is valid until 04/04/05

Issued at Mumbai  
Date of issue: 03/03/05  
Certificate No. 1006600076



*Signature*  
Secretary to the Government of India

## SHIP REPAIR SERVICES

### ABS Quality Evaluations

**CERTIFICATE OF CONFORMANCE**  
This is to certify that the Quality Management System of  
**DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.**

(WITH FACILITIES LISTED ON ATTACHED ANNEX)

has been assessed by ABS Quality Evaluations, Inc. and found to be in conformance with the requirements set forth by  
**ISO 9001:2000**

The Quality Management System is applicable to:

PROVISION OF SHIP REPAIR SERVICES

1. Certificate No. 04724  
2. Original of this certificate 04/04/2004  
3. Effective Date 04/04/2004  
4. Expiration Date 07/04/2005  
5. Issue Date 07/04/2004



*Robert W. Collins*  
Robert W. Collins, President



## DIVING, MARINE & ROV



This is to certify that  
**Dolphin Offshore Enterprises (India) Ltd**  
is  
**a Contractor (Co) Member**  
of the International Marine Contractors Association  
participating in the work of the  
**Diving, Marine and Remote Systems & ROV Divisions**  
in the Middle East & India Section

*Hugh Williams*  
Hugh Williams  
IMCA Secretary

*Signature*  
Hugh Williams  
IMCA Secretary

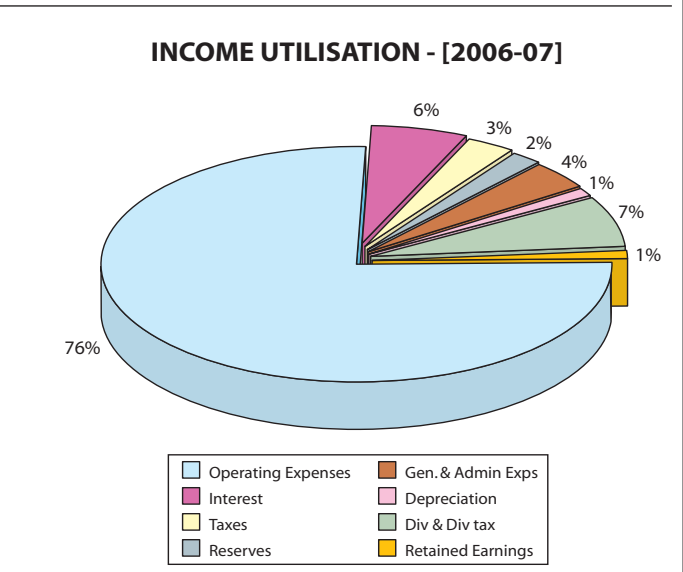
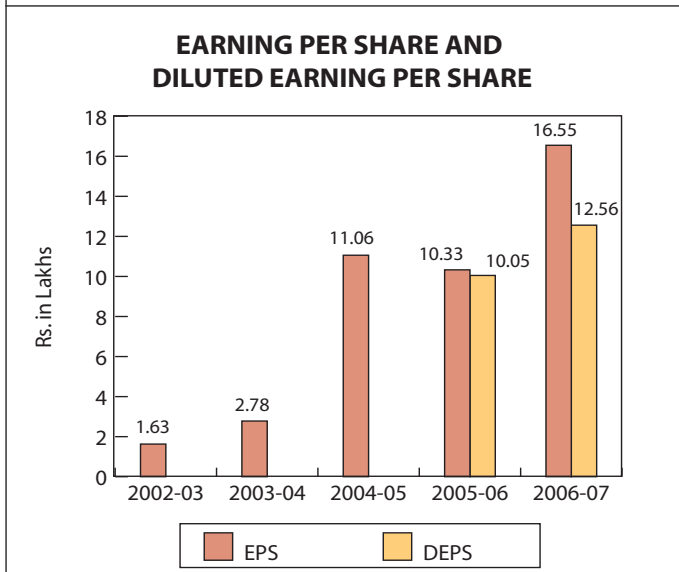
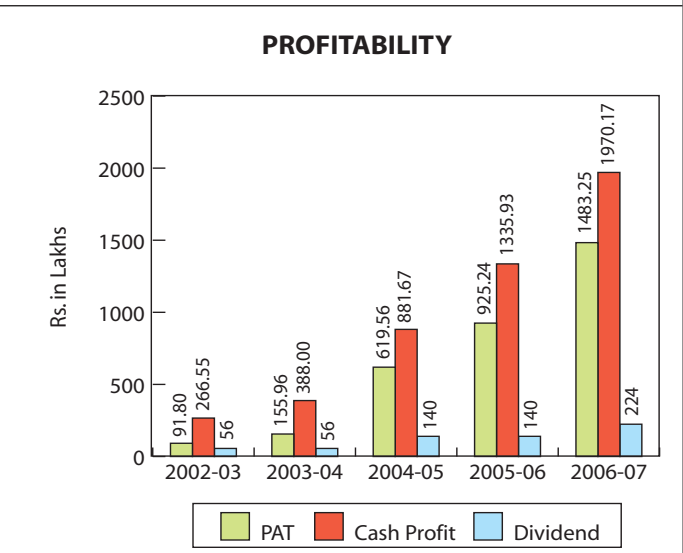
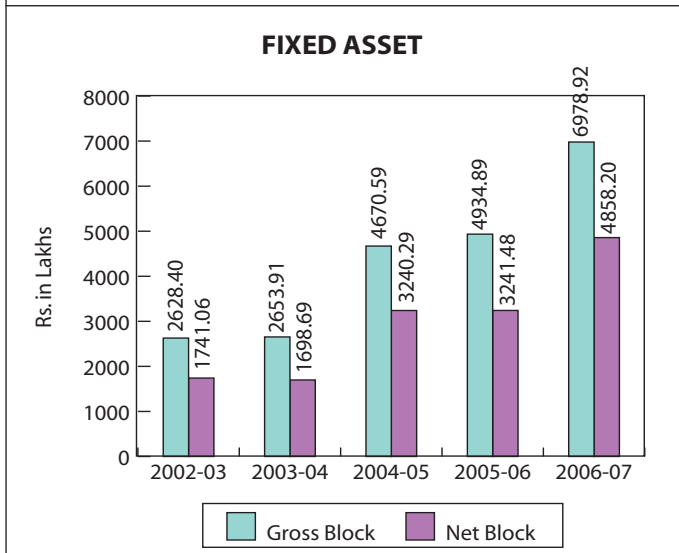
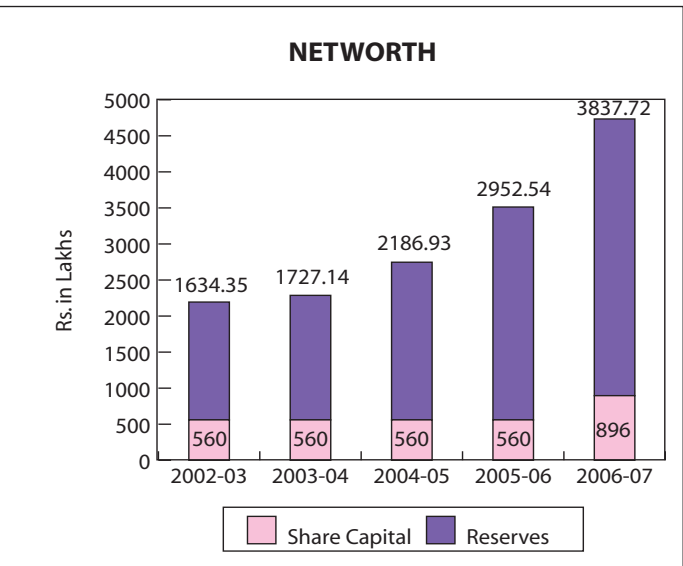
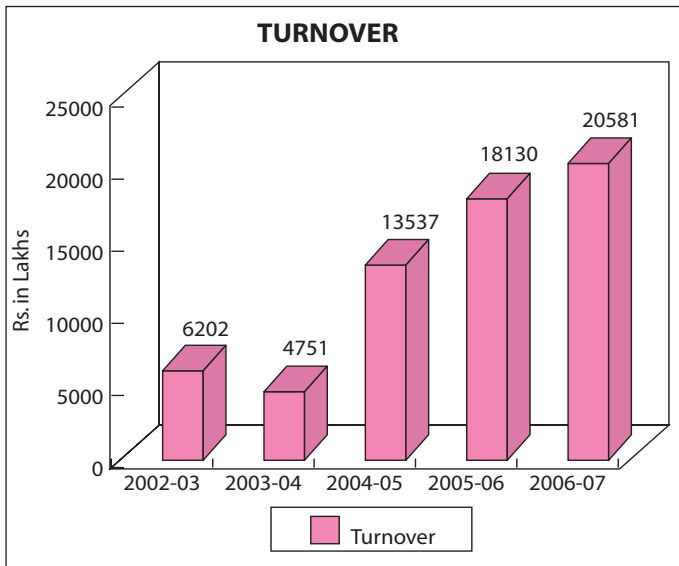
IMCA members undertake to act as responsible members of the Association and are willing to be audited against compliance with relevant IMCA guidelines by their clients.





## KEY PERFORMANCE INDICATORS

Year ended 31 March Financial Data (Rs. in Lakh)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>ASSETS &amp; LIABILITIES</b>										
Net fixed Assets	4858	3241	3240	1699	1741	1088	864	949	928	959
Net Current Assets	10538	11005	3639	2535	2573	2032	1936	1883	1481	1333
Share Capital	896	560	560	560	560	560	560	560	560	560
Reserves & Surplus	3838	2953	2187	1727	1634	1606	1511	1326	1124	969
Total Borrowings	11846	10528	3943	1828	2027	879	837	1017	753	838
<b>REVENUES &amp; EXPENSES:</b>										
Gross Revenue	20581	18130	13537	4751	6202	6987	5488	6560	5516	4908
Operating Expenses	15975	14611	10660	3685	5379	5720	4711	5421	4632	4106
Gross Operating Profit	4605	3519	2877	1065	823	1267	777	1139	884	802
Profit before Tax	2334	1438	974	165	117	446	245	451	373	290
Profit after Tax	1483	925	620	156	92	295	185	326	279	203
<b>KEY RATIOS:</b>										
Earnings per Share (Rs.)	16.55	16.52	11.06	2.79	1.64	5.27	3.31	5.82	4.99	3.62
Rate of Dividend(%)	25	25	25	10	10	15	-	20	20	-
Gross Operating Profit Margin(%)	22.38	19.41	21.25	22.43	13.27	18.13	14.16	17.36	16.03	16.34
Net Profit Margin (%)	7.21	5.10	4.58	3.28	1.48	4.22	3.37	4.97	5.06	4.14
Current Ratio	1.68	1.87	1.05	1.25	1.15	1.68	1.60	1.45	1.58	1.50
Debt Equity Ratio	1.89	2.06	0.26	0.05	0.03	0.03	-	0.06	0.14	0.28
Return on Net Worth (%)	31.33	26.34	22.55	6.82	4.22	13.77	9.38	17.94	16.84	13.51
Return on Investment (%)	15.48	13.09	28.43	17.73	4.09	13.42	9.38	16.85	14.81	10.58







## NOTICE

NOTICE is hereby given that the 28<sup>th</sup> Annual General Meeting of DOLPHIN OFFSHORE ENTERPRISES [INDIA] LIMITED will be held on Friday, September 7, 2007 at 1500 hours (3.00 p.m.) at Hall No. M-2, Hotel Executive Enclave, 331, Dr. Ambedkar Road, Pali Hill, Bandra (West), Mumbai 400 050 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2007 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** Dr. Faqir Chand Kohli, who was appointed as an Additional Director of the Company on October 31, 2006 pursuant to Article 107 of the Articles of Association of the Company and under section 260 of the Companies Act, 1956 and whose term of office expires at this Annual General Meeting as per Section 260 of the

Companies Act, 1956, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

**“RESOLVED THAT** subject to such approvals as may be necessary, the Directors of the Company other than Chairman & Managing Director and Joint Managing Directors be paid annually for each of the five financial years of the Company commencing from 1<sup>st</sup> April, 2008, an amount not exceeding one per cent of the net profits of the Company, as provided under Section 309(4) of the Companies Act, 1956 or any amendment or modifications thereof, computed in the manner referred to in Section 198(1) of the Companies Act, 1956 or any amendment or modifications thereof, to be divided amongst the Directors aforesaid in such a manner as Board of Directors of the Company may from time to time determine.”

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

**“RESOLVED THAT** pursuant to section 293 (1) (e) of the Companies Act, 1956 and subject to such approvals, if any, as may be required, the Company accords consent to the Board of Directors to contribute and / or subscribe to any body, institution, society, person, trust or fund in connection with the setting up of an Institute for research activities and promoting the development of Underwater and Deepwater Technology in India, not directly related to the business of the Company up to a total amount of Rs.100 Lacs.

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

sd/-

**V. SURENDRAN**  
**COMPANY SECRETARY**

Registered Office:  
1001, Raheja Centre,  
214, Nariman Point,  
**Mumbai - 400 021**  
Date: June 22, 2007



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 August 31, 2007 to September 07, 2007 (both the days inclusive).
3. Members are requested to intimate to Sharepro Services (India) Pvt. Ltd., Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099 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 and Dr. Faqir Chand Kohli to be appointed as Director whose office is liable to retire by rotation. 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.





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

### **AGENDA ITEM NO. 6**

Dr. Faqir Chand Kohli was appointed as an Additional Director of the Company by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956 w.e.f. October 31, 2006 vacates his office at this Annual General Meeting. Due notices under Section 257 of the Companies Act, 1956 have been received from members proposing the appointment of Dr. Faqir Chand Kohli as a Director of the Company. If appointed, his office shall be liable to determination by retirement by rotation.

He has filed his requisite consent pursuant to Section 264(1) of the Companies Act, 1956 with the Company. He does not hold any share in the Company.

Keeping in view the experience and expertise of Mr. Kohli, your Company will be immensely benefited from his appointment.

Hence, the directors recommended the resolution at agenda no. 6 of the Notice for your approval.

None of the directors of the Company other than Dr. Faqir Chand Kohli is interested in this resolution.

### **AGENDA ITEM NO. 7**

As per Section 309 of the Companies Act, 1956 the directors who are not Managing Director or Whole Time Director, may be remunerated by way of Commission, if by Special Resolution authorises such payment by reasons of the provisions in sub-section (7) of the said section such Special Resolution should not be in force for more than 5 years. The Board of Directors propose for the approval of the members, payment of remuneration to the non-executive Directors for the period of 5 years with effect from the Financial year of the Company commencing from 1<sup>st</sup> April 2008, as set out in special resolution under Item No. 7. Only non-executive Directors of the Company may be deemed to be interested and concerned in the Special Resolution.

The directors recommend this Resolution for your approval.

### **AGENDA ITEM NO.8**

The Board was informed that there is an acute shortage of qualified divers, diving technicians and ROV personnel not only in India, but worldwide. The cost of sending Indian divers abroad for training has become prohibitive.

The Company is in discussion with Government of India (Ministry of earth sciences) and the Norwegian Government for setting up a state of the art Institute for the development of Underwater and Deepwater Technology in India.

As per the provisions of Section 293 (1) (e), the Company requires General Body's permission to contribute and/or subscribe to charitable and other funds not directly related to the business of the Company or to the welfare of its employees, any amounts the aggregate of which will in any financial year exceed Rs.50,000/- or five per cent of the average net profits as determined in accordance with the provisions of section 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater.


The directors recommended the resolution at agenda no.8 of the Notice for your approval.

None of the directors of the Company are interested in this resolution.

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

sd/-

**V. SURENDRAN**  
**COMPANY SECRETARY**

Registered Office:   
1001, Raheja Centre,  
214, Nariman Point,  
**Mumbai - 400 021**  
Date: June 22, 2007



**To**  
**THE MEMBERS OF**  
**DOLPHIN OFFSHORE ENTERPRISES**  
**(INDIA) LIMITED**

Your Directors have great pleasure in presenting the Twenty Eighth Annual Report on the business and operations of your Company, together with the audited financial statements for the year ended March 31, 2007.

**1.0 AUDITED FINANCIAL STATEMENTS:**

**1.1 Audited Financial Results –**

(Amounts in Thousands of Indian Rupees)

	2006-07	2005-06
<b>Net profit before interest and depreciation</b>	<b>34,54,51</b>	23,31,89
Interest expense	<b>(6,33,34)</b>	(4,83,32)
Depreciation	<b>(4,86,92)</b>	(4,10,69)
<b>Net profit before tax</b>	<b>23,34,25</b>	14,37,88
Provision for taxation, net	<b>(8,51,00)</b>	(5,12,63)
<b>Net profit for the year</b>	<b>14,83,25</b>	9,25,25
Profit and loss account –		
Opening Balance	<b>10,67,27</b>	7,66,93
<b>Surplus available for appropriations</b>	<b>25,50,52</b>	16,92,18
<b>APPROPRIATIONS</b>		
Transfer to –		
General reserve	<b>1,50,00</b>	1,00,00
Bond redemption reserve	<b>13,46,72</b>	3,65,28
Proposed dividend	<b>2,24,00</b>	1,40,00
Tax on proposed dividend	<b>38,07</b>	19,63
Profit and loss account –		
– closing balance	<b>7,91,73</b>	10,67,27
	<b>25,50,52</b>	16,92,18

The total revenues for the year was Rs 205.81 crores (2006: Rs 181.30 crores), an increase

of 13.52% over the previous year. Profit before tax was Rs 23.34 crores (2006: Rs 14.38 crores), an increase of 62.31% over the previous year. Profit after tax was Rs 14.83 crores (2006: Rs 9.25 crores), an increase of 60.32% over the previous year.

**1.2 Matters arising out of the Auditors' Report and Audited Financial Statements –**

The Auditors have noted in their Report on the financial statements of the Company for the year ended March 31, 2007 that they are unable to comment on whether the Company will realise its debts of Rs 1.97 crores (2006 – Rs 1.97 crores) which is pending litigation in the Bombay High Court. No provision has been made against these debts since these amounts are expected to be realised by the Management.

**1.3 Bonus issue of shares –**

During the year, the Shareholders approved the issue of 3 bonus equity shares of Rs 10.00 each for every 5 equity shares of Rs 10.00 each through the capitalisation of the free reserves of the Company. As a result of this bonus issue, the equity share capital of the Company was increased from Rs 5.60 crores to Rs 8.96 crores.

**1.4 Dividend -**

The Board of Directors is pleased to recommend a dividend of Rs 2.50 (2006: Rs 2.50) per equity share of Rs 10.00 each (including on bonus shares issued during the year), which will result in a total outlay of Rs 2.24 crores (2006: Rs 1.40 crores) towards dividend and Rs 0.38 crores (2006: Rs 0.20 crores) towards tax on dividends.

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

**2.1 Industry Trends and Developments –**

Demand for oil and gas continued to remain high during the year leading to higher average prices, which are expected to rise even further in 2007 – 08. As per the Energy Information Administration, weighted average crude oil prices have increased from USD 60.23 per barrel in 2006 to USD 62.35 per barrel in 2007 and is expected to be USD 63.92 per barrel in 2008 while the Henry Hub Spot price for natural gas shows an increase from USD 6.93 per million cubic feet ("mcf") in 2006 to





USD 7.91 per mcf in 2007 and is expected to be around USD 8.34 per mcf in 2008. These increase in prices is due to the result of the tight demand – supply situation that has arisen over the past few years.

Demand for crude oil and gas has been driven by increasing global consumption as a result of robust global economic activity. As per the International Energy Outlook report #DOE/EIA – 0484 (2007) issued by the Energy Information Administration, demand for crude oil rises from about 83 million barrels per day (“mbpd”) in 2003 to around 97 mbpd in 2015 and around 118 mpbd in 2030. At the same time demand for natural gas rises from 100 trillion cubic feet (“tcf”) in 2004 to 163 tcf in 2030.

This increase in demand will mainly be driven by the emerging markets in Asia, primarily China and India, where the average annual growth is expected to be around 3.7% as against the global average of 2.0% during 2003 to 2030.

In order to meet this increase in demand, production of crude oil will need to be enhanced by 14 million barrels per day between 2004 and 2015, and by 20 million barrels per day from 2015 to 2030. The bulk of this increase in production (nearly 65%) is expected to come from OPEC countries, driving their share of worldwide production upto 48% as against the 42% market share they had in 2004. However, the increase in production levels will only be achieved after heavy investments are made in development of new infrastructure, as most fields are currently operating at near full capacity of the existing infrastructure.

With regard to India, the demand for oil and gas continues to grow at a higher pace than the worldwide average – compounded annual growth in demand during 1999 to 2005 crude oil and gas grew at 5.9% and 6.8% respectively as compared to worldwide averages of 1.6% and 2.6%. Yet India’s per capita energy consumption remains one of the lowest in the world and with robust economic growth, the demand for oil and gas is likely to grow at a faster pace in the coming years.

India, which in the early to mid 1980s was able to meet 70% of its demand through domestic production, now only meets around 33% of its demand through domestic production. There have been no significant increase in domestic production after the Bombay High oil and gas fields came on-line, and although there have been some new oil and gas finds declared by some of the new operators, their fields have yet to commence commercial production.

This has caused the Government of India to tackle the energy security situation on a war footing. The Indian Government has therefore decided on a three - pronged approach to achieve energy security which includes (a) increase in domestic production, (b) equity participation in foreign oilfields and (c) entering into long term supply contracts with our neighbouring countries and through the laying of dedicated pipelines from these countries into India.

Domestic production is being enhanced through a combination of new exploration and enhancing output from existing oilfields. New exploration is being undertaken under the New Exploration Licensing Policy, where the Indian Government invites public sector units as well as the private sector to participate in exploration and production activities. Introduced in 1997, the NELP is now in its VI round, and offers better terms and conditions than ever before. Due to the NELP, ONGC and OIL which had the monopoly on oil exploration and production in India now account for only 61% (ONGC 57% and OIL 4%) of the total acreage under exploration and production.

ONGC has also been making a lot of investments in their existing oilfields, both in terms of developing new infrastructure in the Mumbai High and satellite fields, as well as in modifying and revamping their existing infrastructure. ONGC’s published budgeted expenditure during 2002 to 2008 is around USD 13 billion of which around USD 8.5 billion will be spent on exploration and production. There will also be a need to invest in development of new infrastructure in order to benefit from the huge amounts being invested in drilling and exploration activities.



ONGC has also recently announced that it will be investing a further Rs 11,000 crores in the redevelopment of Mumbai High fields (which is expected to commence in the next few months), Rs 1,000 crores in the turnaround of the Heera and Neelam offshore fields and USD 2.5 billion on the redevelopment of their onshore fields. The investments in the Mumbai High fields alone are expected to enhance production by 35 million tons of oil and oil equivalent between 2010 and 2030.

As the Company is currently involved in providing integrated services for the development / modification of offshore infrastructure and is well reputed with ONGC and has now been able to bid for work directly with ONGC as a main contractor, there will be many opportunities arising for the Company as ONGC's development plans are implemented.

ONGC's subsidiary company, ONGC Videsh Ltd has been given the responsibility on behalf of the Government of India to participate in foreign oilfields. ONGCVL has been bidding for exploration and production licences in foreign countries either on its own or through joint ventures with other companies. The recent tie-up between ONGC and the Laxmi Mittal Group was formed with an eye on entering the East European markets where the Laxmi Mittal Group already has a strong presence.

ONGCVL are now looking at participating in foreign oilfields where they can take on the responsibility as Operator, which will cover all aspect of exploration and production of oil and gas. The Company will be looking forward to offering its services to ONGCVL on their foreign offshore ventures. Given the Company's track record with ONGC, it should be easier for the Company to get itself registered and be technically qualified by ONGCVL.

In the international markets, there has also been a major upswing in the level of activities covering exploration, development and installation of new infrastructure and in production and distribution. Like India, there have not been many new finds in the world,

and exploration activities are increasing in the hope of finding new fields. At the same time there is a lot of new infrastructure development taking place in existing producing fields in order for international oil companies to be able to produce more oil and gas to meet the increasing demand. As the Middle East will be one of the areas where there will be a lot of activity, the Company has established its representative office in Abu Dhabi.

In summary, there are substantial investments being made in the oil and gas industry and as such Management is confident that the Company will be able to sustain its growth in revenues and profitability over the coming years.

## 2.2 The year in perspective –

During the year, the Company, by entering into consortium arrangements with other companies, achieved a major milestone of being awarded two EPC contracts from ONGC. On successful completion of these contracts, the Company will be eligible to bid independently for EPC contracts as a main contractor independently. This achievement will help the Company in being able to get a larger share of the offshore construction market and will also improve profitability.

The first contract, awarded in November 2006, is the ONGC Barge Bumper Boat Landing Riser Protector contract ('BBBLRP') worth USD 32.19 million. This contract was awarded to the Dolphin Offshore – NaftoGaz consortium, of which the Company had an 80% share originally, and has now been revised to 97%. This contract is scheduled to be completed by February 28, 2008. The work involved under this contract involves the design, engineering, fabrication, transportation and installation of barge bumpers, boat landings and riser protectors to be installed on 37 platforms.

The second contract, awarded in March 2007, is the ONGC 6 Clamp- on Project worth approximately USD 26 million. This contract was awarded to the L&T - Dolphin Offshore consortium, of which the Company has a 55% share of this contract. The work involved





under this contract includes the design, engineering, fabrication, transportation and installation of conductors and top-side modification work on 6 platforms.

Apart from these contracts, the Company has concluded its on-going contracts with ONGC's RSPPM project for the Iranian Offshore Engineering and Construction Company Ltd and the ONGC's SH Reconstruction Contract for Larsen & Tourbo Ltd.

The RSPPM project has been a very important contract for the Company as the Company has had an opportunity to demonstrate its capabilities in undertaking riser installations and free-span and crossover rectification work required in the laying of new pipelines. In addition, the Company has also undertaken other work on this project including the fabrication and installation of riser clamps and other services required by the client, Iranian Offshore Engineering and Construction Company ("IOEC"). In all, the Company has executed work in excess of USD 47 million on this project since commencement of work in August 2004.

The SH Reconstruction Contract involved the modification and redevelopment of the SH Process Platform and related well platforms as subcontractors to Larsen & Toubro Ltd. The work commenced in October 2005 and has been concluded in May 2007. In all the Company has executed work in excess of Rs 60 crores on this contract.

The Company also acquired two 6000 BHP anchor handling and towing supply vessels, Krishna Dolphin and Godavari Dolphin in May 2006. These vessels have been operating on spot charter in West Africa. The Godavari Dolphin is currently being demobilised back to Mumbai.

In August 2006, the Company acquired a 100% stake in Procyon Offshore Services Pvt Ltd. Procyon own a fleet of 7 harbour tugs and one offshore utility vessel similar to the Ganga Dolphin. The acquisition of Procyon will help the Company to streamline its marine operations while also giving the Company access to Procyon's fleet.

## 2.3 Future Prospects –

As stated earlier, the oil and gas market is continuing to boom and future prospects of the Company remains bright. As at June 22, 2007 the Company's order book position for the current financial year stood at around Rs 178 crores with many new tenders expected prior to the commencement of the new season in October 2007. Management is therefore confident that the Company will continue to show growth in the coming years.

Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd. (earlier known as Marwa Offshore Enterprises (Mauritius) Pvt. Ltd.) ("DOEMPL"), a wholly owned subsidiary of the Company, has placed an order for the building of two work boats, which will be primarily used for platform maintenance work, at a cost of USD 6.65 million each. These vessels are expected to be delivered in the Fourth Quarter of 2007-08. DOEMPL has also placed an order for building a new state of the art dynamically positioned construction barge which should be ready to commence operations by the Third Quarter of 2008-09. This barge will offer a high degree of versatility to the Dolphin Offshore Group in undertaking turnkey offshore contracts particularly on the modification and revamp projects where there is a need to provide suitable cranes for the installation of pre-fabricated structures and risers on platforms.

It may be noted that the vessels owned by DOEMPL will be available to undertake work in international markets as well as for the Company's own contracts in India.

## 2.4 Business Risks and Management's assessments -

Your management has however identified the following risks that may arise:

### 2.4.1 High oil and gas prices -

With increasing oil and gas prices, there is a risk that there may be a slow down in global economic growth as all economies may not be able to sustain the high price of oil and gas. As a result of these developments there could be a slump in the oil and



gas industry worldwide leading to lower demand, as was witnessed in the mid 1980s. This could lead to a fall in prices of resources which could result in a longer recovery period for investments made in assets, especially in new assets.

Management, however, believes that given that the Indian Government has concerns over energy security as about 70% of our domestic consumption is met through imports, and India's future economic growth plans, the Indian oil and gas industry will continue to flourish despite any depressions that may take place in the global market. This phenomenon was witnessed even in the mid 1980s where the Indian oil and gas market continued to boom even when the rest of the Industry was in a slump, as India could not afford the foreign exchange outflow.

Furthermore, a lot of money is being invested by oil and gas companies around the world, and it is expected that even if demand for oil and gas was to fall, supply would be reduced to ensure that oil and gas prices do not go in a free fall. It is therefore unlikely that prices will fall sufficiently to adversely affect the global oil and gas industry and its service providers.

#### **2.4.2 Scarcity of resources -**

Due to the increased level of activity in the offshore oil and gas industry, demand for resources has been increasing around the world. As there has not been a significant increase in the number of offshore vessels and diving spreads around the world over the last ten years or so, there is now a scarcity of resources available for chartering / hiring for executing projects.

Similarly, there is also a shortage of skilled and trained manpower available for executing contracts as a number of international companies are now looking at hiring skilled Indian

personnel who have proved to be second to none.

As a result of increasing demand over an inelastic supply of resources, the cost of providing resources, and hence the cost of executing projects is increasing significantly.

Furthermore, as the Company expects to grow substantially over the next few years, the Company will need to increase and enhance its own Management team and infrastructure in order to cater to the expanding scale of operations. This will represent an increase on the Company's overheads, but this expenditure will be necessary to ensure that the Company continues to deliver quality service to its clients at competitive rates.

With regard to skilled offshore personnel, the Company is implementing its plans to recruit and train personnel and in assisting divers to be able to undertake their professional courses.

Further, Management is confident that the increased costs of overheads will be absorbed by the increase in turnover in the coming years without affecting the Company's future profitability.

#### **2.4.3 Need for further investment -**

During the year the Company has issued 0.5% foreign currency convertible bonds of USD 15 million for meeting the Company's capital expenditure plans. However, despite having raised these funds and making investments in assets, given the growth potential in this industry, the Company may need to make further investments in order to take advantage of the business opportunities that may arise both in India and overseas. There will thus be a need to raise additional funding to be able to make these investments.

Management is confident of being able to raise the additional funds and of





meeting its current and future debt obligations through stronger cashflows as the scale of the Company's business increases.

#### **2.4.4 Predominance of a single customer–**

The Indian offshore oil and gas industry, and therefore the Company's customer base, is currently dominated by a single organisation, ONGCL. Accordingly, business opportunities for the 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.

The 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, the 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.

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 the Company. As has been stated earlier, only about 61% of the total Indian acreage under exploration and production is now with ONGC, and the balance is with other companies such as Reliance, Cairn Energy, British Gas, Gujarat State Petroleum Corporation etc. The Company is already providing services to Cairn Energy and British Gas, and is registering itself with Reliance and GSPC.

The Company has also geared itself up to undertake activities in Saudi Arabia, the United Arab Emirates and

in Iran in order to expand its geographical market base.

#### **2.4.5 Contractual nature of business –**

Most of the 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.

This problem is compounded by the fact the 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 the Company.

#### **2.4.6 Strengthening of the Rupee –**

The strengthening of the Rupee, particularly against the US Dollar, in the recent past has affected the Company's revenues and profits as the majority of the Company's revenues are billed in US Dollars. With the expected strong economic growth and increasing flow of foreign direct investments, it is likely that the Rupee will continue to strengthen, and this will put pressure on the Company's revenues and profits.

In order to address this situation, the Company has set up a Foreign Exchange Risk Committee which has been able to mitigate some of the risks arising out of the strengthening of the Rupee. It is also to the Company's advantage that most of the Contracts that the Company enters into are not long duration contracts and hence



receivables from these contracts can be hedged.

The Company also has the option to bid its future contracts in currencies other than the US Dollar, and Management is confident that it will be able to mitigate this risk.

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

Your Company has adequate internal control systems in place. With a view to monitor the Company's performance as well as to make sure that internal checks and controls are operating properly, the Company has appointed an external firm of Chartered Accountants as Internal Auditors. The Audit Committee of the Board considers the monthly reports of the 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 the Company for their contributions to the 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 the Company.

## **3.0 EXPORT HOUSE STATUS:**

The Company is eligible to be granted Two Star Export House Status by The Director General Foreign Trade, Government of India due to its net foreign exchange earnings for the years 2004-05 and 2005-06 which has been applied for. As a result of its foreign exchange earnings, the Company has been granted a Duty Credit Entitlement of Rs 6.70 crores for 2004-05 which can be used in lieu of payment of customs duty and / or excise duties on the import of capital goods, spares and consumables that the Company may require in the normal course of its business. This entitlement is available for a period of two years. The Company is also awaiting its Duty Credit Entitlement certificate of Rs 8.31 crores for 2005-06 which is expected shortly.

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

### **5.2 Appointment of Dr. F. C. Kohli as Director of the Company –**

Dr. F. C. Kohli was appointed as an Additional Director of the Company by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956 w.e.f. October 31, 2006, vacates his office at this Annual General Meeting. Due notices under Section 257 of the Companies Act, 1956 have been received from member proposing the appointment of Dr. F. C. Kohli as Director of the Company. If appointed, period of his office shall be liable to determination by retirement by rotation.

Keeping in view the experience and expertise of the aforesaid persons your Company will be immensely benefited from their re-appointment / appointment.

## **6.0 AUDITORS:**

M/s. Haribhakti and Co retires as Auditors of your Company at the end of the forthcoming Annual General Meeting, and is eligible for re-





appointment. Your Directors recommend their re-appointment.

## 7.0 FIXED DEPOSITS:

The Company has accepted Fixed Deposits from the public within the meaning of Section 58A of the Companies Act, 1956. As at March 31, 2007, the Company had accepted Fixed Deposits of Rs 0.58 crores (2006 – Rs 0.44 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:

As required under Section 212 of the Companies Act, 1956, the audited financial statements of Global Dolphin Drilling Company Ltd., Procyon Offshore Services Ltd., Dolphin International Risk Services Ltd. and Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd., subsidiaries companies, are annexed.

The Consolidated Financial Statements of the 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.

## 9.0 FOREIGN EXCHANGE RECEIPTS AND EXPENDITURE:

During the year ended March 31, 2007, the Company's foreign exchange receipts and expenditure was as follows:

(Amounts in Thousands of Indian Rupees)

	2006-07	2005-06
<b>Receipts –</b>		
Contract revenues	110,89,54	116,60,03
Foreign currency bond	—	67,41,00
Interest received	1,21,35	80,88
	112,10,89	184,81,91
<b>Expenditure –</b>		
Advances to wholly owned subsidiaries	21,55,37	—
Foreign subcontractors	6,19,42	2,99,68
Professional fees	44	1,13,27

	2006-07	2005-06
Equipment related expenses	1,31,03	3,39,69
Vessel charter and related expenses	10,93,89	68,23
Material, stores and spares	7,02,82	6,44,80
Foreign travel	1,61,81	61,88
Plant and machinery	1,10,89	79,18
Vessels	16,07,62	—
Bond issue expenses	—	1,61,75
Other matters	3,66,96	24,75
	69,50,25	17,93,23

## 10.0 DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) 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 the Company as at March 31, 2007 and of the profit or loss of the Company for that period;
- (iii) 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.

## 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 the 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**  
Chairman and Managing Director

Mumbai  
June 22, 2007

## ANNEXURE TO THE DIRECTORS' REPORT - I

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended March 31, 2007.

Name	Designation	Date of Joining	Gross (in Rs.)	Deductions (in Rs.)	Net (in Rs.)	Qualifications	Age (in Years)	Exp. (in Years)	Last Employment held
Madan Kochhar	President	October 01, 2005	35,56,000	11,40,850	24,15,150	B.A. (Hons), B-Tech. (Hon) Naval, Arch.	71	47	American Bureau of Shipping (ABS)

- Gross remuneration mentioned above includes Salary, Allowances, Compensation, Performance Bonus, LTA, Value of Perquisites as per Income Tax Rules, 1962, Company's contribution to Provident Fund, Superannuation Fund and Gratuity etc.
- Net remuneration is shown after deduction from gross remuneration of contribution to Provident Fund, Profession Tax and Income Tax.
- Designation, nature of duties and remuneration are as at March 31, 2007.
- The employee mentioned above is not related to any of the Directors.
- None of the employees own more than 1% of the outstanding shares of the Company as on March 31, 2007.

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

**Rear Admiral Kirpal Singh**  
Chairman and Managing Director

Mumbai  
June 22, 2007







### 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, which will help the Company 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, 2007.

#### **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><u>PROMOTER / EXECUTIVE DIRECTORS</u></b>				
Rear Admiral Kirpal Singh, CMD	3	1	-	-
Mr. Satpal Singh, JMD	4	5	-	-
Mr. Navpreet Singh, JMD	4	2	-	-
<b><u>PROMOTER / NON-EXECUTIVE DIRECTOR</u></b>				
Mrs. Manjit Kirpal Singh	1	1	-	-
<b><u>INDEPENDENT / NON-EXECUTIVE DIRECTOR</u></b>				
Mr. S. Sundar	5	-	-	-
Mr. S. Venkiteswaran	8	1	16	5
Mr. Arvind K Parikh	-	-	-	-
Mr. Bipin R. Shah	3	3	4	2
Mr. Robert D. Petty	4	24	-	-
Dr. Faqir Chand Kohli *	6	3	-	-

\* Dr. Faqir Chand Kohli was appointed as an Additional Director of the Company w.e.f. October 31, 2006.

**CMD** - Chairman & Managing Director

**JMD** - Joint Managing Director

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, the Chairman and Managing Director of the Company, is also its Chief Executive Officer. He was the Chief Promoter of the Company.

He graduated from the training ship Dufferin at Mumbai before joining the Indian Navy in 1943. He received his initial training with the Royal Navy from 1943 to 1946 during which he saw active service on Russian Convoys and the Okinawa campaign in World War II.

He has held many important appointments during his Naval career. He commanded the Destroyer GANGA, Frigate TIR (Officers' Training Ship), the 16th Frigate Squadron, the Aircraft Carrier VIKRANT and the Western Fleet. His shore appointments included ADC to Shri C. Rajagopalachari, Officer-in charge Basic and Divisional School and the Gunnery School. Battalion Commander at the National Defence Academy, Deputy Naval Advisor to the Indian High Commissioner in U.K., Director of Personnel at Naval Headquarters, Commanding Officer INS ANGRE and Director General Naval Dockyard Expansion Scheme Bombay.

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

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

He is also the Managing Director of Global Dolphin Drilling Company Limited, a joint venture between Dolphin Offshore Enterprises (India) Limited and Global Marine Drilling Services of USA.

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

## **MRS. MANJIT KIRPAL SINGH**

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 member of Audit Committee.

## **MR. S. VENKITESWARAN**

Mr. S. Venkiteswaran was enrolled to practise 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 also presently writing amendments to the Merchant Shipping Act.

He is currently the Non-Executive Chairman of the Board of Directors of Pandi Correspondents Pvt. Ltd., who are the Indian Correspondents for U.K., Britannia, London, TT and ITIC P&I Clubs. He is on the Board of Directors of the Mundra Port & Special Economic Zone Ltd., Indian Register of Shipping, Lotus India Asset Management Co. Pvt. Ltd., National Securities Clearing Corporation Ltd., National Securities Depository Limited, National Stock Exchange of India Ltd. and the Clearing Corporation of India Ltd.

He is the Chairman, Board of Trustees of the Bombay Tamil Sangam, a Trustee of the Board of Trustees, Sri Shanmukhananda Fine Arts & Sangeetha Sabha and a Trustee, Board of Trustees, Aditya Jyot Eye Research Institute.

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

He is also the Chairman of Procyon Offshore Services Ltd. (Wholly Owned Subsidiary) of the Company and the Member of it's Audit Committee.





## **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. S. Sundar graduated from the University of Madras with a Master's in economics and a Bachelor's degree in law, and was appointed to the Indian Administrative Service in 1963.

He spent eight years with the Commonwealth Secretariat in London, first as Special Advisor, International Finance and then as Director of the Economic and Legal Advisory Services Division, the consultancy arm of the Commonwealth Secretariat, assisting and advising Commonwealth governments in various areas of macroeconomic and financial management. He specialised in debt management and was responsible for advising several Commonwealth governments on debt management and, where appropriate, on debt restructuring. He also assisted Ghana and Mauritius in the development of their capital markets.

He has also held senior positions in industry and finance in the State of Gujarat and in the Government of India. 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, Secretary to the Board of Industrial and Financial Restructuring, Government of India, and Secretary to the Government of India, Department of Tourism.

His last Government assignment was as Secretary to the Government of India in the Ministry of Surface Transport. During his tenure as Secretary, he spearheaded major policy initiatives to attract private investment, including foreign direct investment, in the port and road sectors. He was a member of IDFC's Advisory Committee on Ports.

He is currently the NTPC Professor in Regulatory Studies in the TERI School of Advanced Studies and also a Distinguished Fellow at The Energy and Resources Institute (TERI). He is a member of the International Expert Advisory Panel on Better Regulation for Growth set up by the World Bank and DFID, U.K. He has chaired important Committees set up by the Government of India including the National Committee on Road Safety and Traffic Management.

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

## **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 several Companies.

He is also the chairman of Audit Committee of Marico Industries Ltd. and 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 Shareholders / Investors Grievance Committee. He is the Chairman of Audit Committee of Procyon Offshore Services Ltd. (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 member of FICCI's Energy Council.

Under his leadership, the Company has grown considerably from a small Rs. 1 Crore turnover company in the early 1980's to almost a Rs. 200 Crores turnover company today.

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

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 The 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 specialised 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.

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

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

Mr. Robert D. Petty, based in New York, is the founder and Managing Partner of Clearwater Capital Partners LLC ("Clearwater"). Clearwater actively manages over \$700 million, investing in a full spectrum of credit opportunities in Asia ex-Japan with a focus on stressed and distressed loan markets.

Prior to founding Clearwater, from 1998 to 2001, he was a Managing Director at Amroc Investments LLC ("Amroc"), where he managed Amroc's international distressed debt sales, trading and advisory activities. From 1996 to 1998, he was an Executive Director and head of syndication and high yield trading of Asian credits for Peregrine Fixed Income Ltd. From 1984 to 1996, he worked at Lehman Brothers Fixed Income Division in various capacities. While at Lehman Brothers, he was a corporate bond trader in Tokyo, Risk Manager of \$1 billion of proprietary capital in the Medium Term Notes Department, international corporate debt and Private Placement Trader and head of the Private





Placement Division in both the Investment Banking and Corporate Debt Divisions.

He holds a B.A. in Political Science from Brown University. He is a board member of Pan-Holding SICAV in Luxembourg and Engender Health – a non-profit organization that works worldwide to improve the lives of individuals by making reproductive health services safe, available and sustainable.

He serves on the Board of several Companies, some of which are Pan-Holdings SICAV, Jai Parabolic Springs Ltd., Jamna Auto Industries Ltd., Baroda Rayon Corporation Ltd.

## **DR. FAQIR CHAND KOHLI**

Born in Peshawar (Pakistan), Dr. Kohli completed his schooling and matriculation in Peshawar. He obtained B.A. 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 consultant to Tata Consulting Engineers. He became a 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 also was 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. U.K., 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 realized 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, U.P. in 2000, from IIT Bombay in 2004, Jadavpur University, Kolkata in 2004 and IIT Kanpur in 2006.

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



## 1.2 MEETINGS OF THE BOARD

The Board of Directors met 6 times during the year 2006-2007 on the following dates April 24, 2006, June 27, 2006, July 27, 2006, October 31, 2006, December 13, 2006 and January 31, 2007.

DETAILS OF ATTENDANCE			
Name of the Directors	No. of Board meetings held	No. of meetings attended	AGM Held On September 07, 2006
Rear Adm. Kirpal Singh, CMD	6	5	Yes
Mr. Satpal Singh, JMD	6	6	Yes
Mr. Navpreet Singh, JMD	6	5	Yes
Mrs. Manjit Kirpal Singh, Director	6	3	Yes
Mr. S. Sundar, Director	6	4	Yes
Mr. S.Venkiteswaran, Director	6	3	No
Mr. Arvind K Parikh, Director	6	5	Yes
Mr. Bipin R Shah, Director	6	5	No
Mr. Robert D. Petty, Director	5 *	3	-
Dr. Faqir Chand Kohli, Additional Director *	3 *	2	-

\* No. of meetings held since their appointment.

## 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

- 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.
- Recommending the appointment and removal of external auditors and internal auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing the annual financial statements with management before submission to the board.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function.
- Discussion with internal auditors on any significant findings and follow up thereon.

- 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.
- 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.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
- 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

- Mr. S.Sundar - Chairman
- Mr. Arvind K Parikh - Member
- Mr. S Venkiteswaran - Member

##### Non-Executive – Promoter

- Mrs. Manjit Kirpal Singh - Member

#### [C] Meetings of the Committee

The Committee met 4 times during the year 2006-2007 on the following dates :

June 27, 2006, July 27, 2006, October 31, 2006 and January 30, 2007.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Audit Committee Meetings held	No. of Meetings attended
Mr. S. Sundar	4	4
Mrs. Manjit Kirpal Singh	4	2
Mr. S. Venkiteswaran	4	0
Mr. Arvind K Parikh	4	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 Committee

The Committee met 5 times during the year 2006-2007 on the following dates:

July 26, 2006, November 2, 2006, December 18, 2006, January 19, 2007 and March 01, 2007.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Managing Committee Meetings held	No. of Meetings attended
Rear Adm. Kirpal Singh	5	1
Mr. Satpal Singh	5	4
Mr. Navpreet Singh	5	5
Mr. Arvind K Parikh	5	5

## 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 the 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 a number of times during the year.

## 2.4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

### [A] Terms of Reference

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

### [B] Composition of the 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 Committee

The Committee met 4 times during the year on June 27, 2006, July 27, 2006, October 31, 2006 and January 31, 2007.

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

During the year 2006-2007, 14 (Fourteen) Investors / Shareholders complaints have been received by the Company. These complaints have been attended in time.

## 2.5 REMUNERATION COMMITTEE

### [A] Terms of Reference

To recommend/review the remuneration package of Managing Director/Joint Managing Directors/ Whole time Directors (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 the 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 Directors/Whole time Directors 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, CMD	4,896,000	-	5,041,503
2 Mr. Satpal Singh, JMD	4,364,086	-	3,781,128
3 Mr. Navpreet Singh, JMD	4,363,698	-	3,781,130
4 Mrs. Manjit Kirpal Singh, Director	-	40,000	425,311
5 Mr. S. Sundar, Director	-	65,000	425,311
6 Mr. S. Venkiteswaran, Director	-	35,000	425,311
7 Mr. Arvind K Parikh, Director	-	120,000	425,311
8 Mr. Bipin R Shah, Director	-	70,000	425,311
9 Mr. Robert D. Petty, Director	-	30,000	318,984
10 Dr. Faqir Chand Kohli, Director	-	20,000	177,213

## [E] Meetings of the Committee

The Committee met 1 time during the year 2006-2007 on July 27, 2006.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Managerial Remuneration Committee meetings held	No. of Meetings attended
Mr. S. Venkiteswaran	1	1
Mr. S. Sundar	1	1
Mr. Arvind K Parikh	1	1

## [F] Details of the shareholding of Non-executive directors :

Mrs. Manjit Kirpal Singh holds 384320 shares of the Company and other non-executive directors do not hold any share 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 two 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.

## 3.0 GENERAL MEETING

Details of last three Annual General Meetings (AGM) & the Extra Ordinary General Meeting (EGM)

Venue	Date	Time	No of special resolutions passed
a) Hotel Executive Enclave, Pali Hill, Bandra (West), Mumbai 400050.	December 19, 2006 (EGM)	1500 hours	-
b) Hotel Motimahal, Turner Road, Bandra (West), Mumbai 400 050.	September 7, 2006 (AGM)	1500 hours	1
c) Hotel Motimahal, Turner Road, Bandra (West), Mumbai 400 050.	December 1, 2005 (EGM)	1500 hours	1
d) Hotel Motimahal, Turner Road, Bandra (West), Mumbai 400 050.	August 10, 2005 (AGM)	1500 hours	1
e) Mangal Simran, 28th Road, Bandra (W), Mumbai 400 050.	September 6, 2004 (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, stricture have been imposed by the Stock Exchanges or SEBI or any statutory authority, or any matter related to capital market during the last 3 years.

## 6.0 MEANS OF COMMUNICATION

\* Half yearly results sent : No  
to each household of  
Shareholders

\* Quarterly results : Eco.Times  
Which News papers & Maharashtra  
normally published in Times

During the year 2006-2007 the Quarterly Results were published in all editions of Eco. Times in India (11 Editions)

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 BALLOTS

During the financial 2006-07, pursuant to Section 192A of the Companies Act, 1956, the shareholders of the Company had approved the resolution under section 293(1)(a) of the Companies Act, 1956, relating to sale/transfer of the vessels of the Company to its wholly owned subsidiary.

Mr. V. Ramachandran, Practicing Company Secretary has conducted the postal ballot exercise.

The Company had followed the procedure as specified in Section 192A of the Companies Act, 1956 read with 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 has denied to access to Audit Committee.

## 11.0 GENERAL SHAREHOLDERS INFORMATION

- a) Annual General Meeting: September 7, 2007  
Time : 1500 hours  
Venue : Hall No. M-2, Hotel Executive Enclave, 331, Dr. Ambedkar Road, Pali Hill, Bandra (West), Mumbai 400 050.
- b) Key Financial Reporting Dates for the Financial Year 2007-08  
Unaudited First Quarterly result : On or before July 31, 2007  
Unaudited Second Quarterly result : On or before October 31, 2007  
Unaudited Third Quarterly result : On or before January 31, 2008  
Audited results for the Financial Year 2007-08 : On or before June 30, 2008
- c) Book Closure date : August 31, 2007 to September 07, 2007
- d) Dividend Payment date : On or before October 07, 2007
- e) Listing on stock exchanges : Equity shares are listed on the Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE), Mumbai
- f) Stock code : 522261 (BSE)
- g) ISIN No : INE 920A01011
- h) Market Price Data HIGH/LOW during each month from April 2006 to March 2007.

PERIOD – 2006-07	HIGH	LOW
APRIL 2006	367.00	284.00
MAY 2006	375.00	256.40
JUNE 2006	293.80	168.00
JULY 2006	256.00	180.00
AUGUST 2006	277.80	225.25
SEPTEMBER 2006	307.90	240.00
OCTOBER 2006	379.90	272.05
NOVEMBER 2006	368.00	310.00
DECEMBER 2006	384.65	285.00
JANUARY 2007	374.00	200.05
FEBRUARY 2007	260.55	199.30
MARCH 2007	207.95	162.55





i) Registrar and Share Transfer Agent : M/s Sharepro Services (India) Pvt. Ltd. Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai-400 099.

: Project Workshop (Leased) R-15, Rabale, T.T.C. Industrial Area, M.I.D.C., Navi Mumbai Tel No.:65145412

Share transfer requests received in physical form are registered within an average period of 22 days. A Share Transfer Committee comprising members of the Board meets atleast once in fortnight to consider the transfers of the shares.

: Diving Workshop (Leased) D/30/7, TTC Industrial Area, MIDC, Sanpada, Navi Mumbai-400 313 Tel. No. : 65165997/98

Request for dematerialisation (demat) received from the shareholders are effected within an average period of 30 days.

m. Address for Correspondence

: 1001, Raheja Centre 214, Nariman Point, Mumbai-400 021 Tel.Nos: 22832226/34/42 Fax No: 22875403

**j. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2007**

Sr. No	Category	No. of Shares Held	Percentage (%)
1	Promoters	6325617	70.60
2	Body Corporates	268027	2.99
3.	NRI	35659	0.40
4.	Govt / Financial Institution	152878	1.71
5.	Indian Public	1945401	21.71
6.	FII's	232418	2.59
7.	Directors other than Promoters	-	-
	<b>Total</b>	<b>8960000</b>	<b>100.00</b>

Note : Promoters include 615200 shares i.e. 6.866% held by NRI relative.

k. Dematerialisation of Shares : 8349375 equity shares which constitutes 93.18% of the paid up capital as on March 31, 2007 have been dematerialized.

l. Workshop Location : The Company has four Workshops, namely:

: Project Workshops (Owned) A-78 & W-221, MIDC TTC Industrial Area, Koperkhairne, Navi Mumbai Tel. Nos: 27780507 / 27780973

email : customer@dolphinoffshore.com

Investor Complaints ID : investors@dolphinoffshore.com

n. Website : www.dolphinoffshore.com

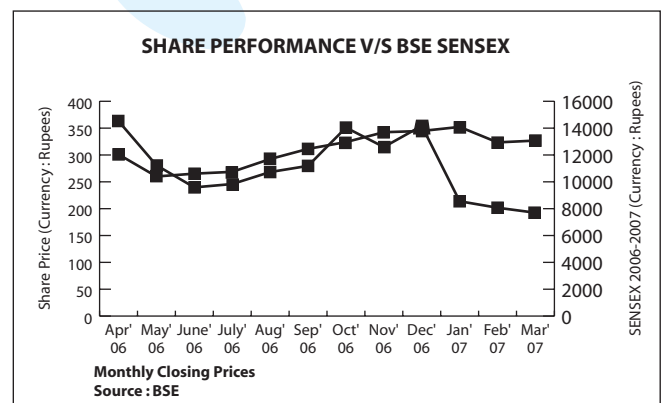
o. Transfer of unclaimed amounts to Investor Education and Protection Fund:

During the year unclaimed dividend of Rs. 69,762.24 for the Financial year 1998-1999 was transferred to the Investor Education and Protection Fund on 24-08-2006. Unclaimed dividend for the Financial year 1999-2000 will be transferred to the Investor Education and Protection Fund on or before 29-06-2007.

p. The Company has issued US\$ 15 million Foreign Currency Convertible Bonds (FCCBs) on December 22, 2005. These FCCBs are listed on Singapore Stock Exchange.

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

r. Share Performance v/s BSE Sensex





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

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

I, Rear Admiral Kirpal Singh, Chairman & 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.

**Sd/-  
Rear Admiral Kirpal Singh  
Chairman & Managing Director**

Mumbai  
June 22, 2007





**Auditors' Certificate on compliance with the conditions of  
Corporate Governance under Clause 49 of the Listing Agreement(s)**

**To the Members of Dolphin Offshore Enterprise (India) Limited,**

We have examined the compliance of conditions of corporate governance by Dolphin Offshore Enterprise (India) Limited for the year ended 31<sup>st</sup> March 2007, 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 of 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 explanation 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 no investor grievance(s) are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors' Grievances Committee.

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

For **HARIBHAKTI & Co.,**  
*Chartered Accountants*

Place: Mumbai  
Date: 22<sup>nd</sup> June 2007

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





## AUDITORS' REPORT

### TO THE MEMBERS OF DOLPHIN OFFSHORE ENTERPRISES (INDIA) LIMITED

We have audited the attached Balance Sheet of **Dolphin Offshore Enterprises (India) Limited** as at 31<sup>st</sup> March 2007 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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.

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 misstatements. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
- II. Further to our comments in the Annexure referred to in paragraph I above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statements dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Profit and Loss Account and the Balance Sheet and Cash Flow Statements dealt with by this Report comply

with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company. As regards Accounting Standard (AS) 18 on Related Party Disclosures, we have relied upon the information as compiled by the Management;

- (e) On the basis of the written representations received from the directors of the Company as on 31<sup>st</sup> March 2007, and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) We further report as under:

Uncertainty about realization of debts of Rs 197.06 lakhs referred to the High Court stated by Note No 18B.

We are unable to express an opinion on the resulting impact of the above matter on the profit for the year and the value of relevant assets.
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and *subject to our observation in para (f) above*, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2007;
  - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
  - (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **HARIBHAKTI & CO.**,  
Chartered Accountants

**CHETAN DESAI**

Partner

Membership No. : 17000

Place: Mumbai

Date: 22 June, 2007



## ANNEXURE to the Auditors' Report

The annexure referred to in Paragraph I of the Auditors' Report to the members of **Dolphin Offshore Enterprises (India) Limited** (the Company) for the year ended 31<sup>st</sup> March 2007. We report that:

### Fixed Assets:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
2. We have been informed that all the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification as compared to book records.
3. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the Company has not disposed off substantial part of its fixed assets during the year.

### Loans and Advances:

4. According to the information and explanations provided to us by the management, the Company has granted unsecured interest free loan to its wholly owned subsidiary. The maximum balance and year end balance in respect of such loan is Rs. 2,102.25 lakhs.
5. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been granted to Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 are not prejudicial to the interest of the Company.
6. According to the information and explanations provided to us by the management, no repayment of principal is due during the year in respect of aforesaid loan.
7. According to the information and explanations provided to us by the management, the Company has taken unsecured loan from thirteen parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The Maximum Balance and Year end Balance in respect of such loans are Rs. 2,64.75 lakhs and Rs. 2,54.75 lakhs respectively.
8. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 are not prejudicial to the interest of the Company.

9. According to the information and explanations provided to us by the management, there are no stipulations as to repayment of principal amounts and the Company has been regular in the payment of interest.

### Internal Controls:

10. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, and for the services rendered. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor we have been informed of any instances of major weaknesses in the aforesaid internal control system.

### Contracts or Arrangements referred to in Section 301 of the Companies Act, 1956:

11. To the best of our information and according to the information and explanations provided to us by the management, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that Section.
12. According to the information and explanations provided to us by the management, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

### Public Deposits:

13. The Company has accepted deposits from the public. The directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, where applicable, have been complied with. According to the information and explanations provided to us by the management, Company Law Board, National Company Law Tribunal, Reserve Bank of India, any Court and any other Tribunal has not passed any order.

### Internal Audit:

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



## Statutory Dues:

15. According to the books and records of the Company as produced and examined by us and according to the information and explanations provided to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Wealth Tax, Custom Duty and any other statutory dues with the appropriate authorities except in respect of Fringe Benefit Tax, Service Tax and Income Tax.
16. According to the information and explanations provided to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues were outstanding as at 31<sup>st</sup> March 2007 for a period of more than six months from the date they became payable except as mentioned below:

NAME OF THE STATUTE	NATURE OF THE DUES	AMOUNT (Rs.)	PERIOD TO WHICH THE AMOUNT RELATES	DUE DATE	DATE OF PAYMENT
Income Tax Act, 1961	Advance Tax	154 lakhs	April 2006-Sept 2006	Various dates	Not paid

17. According to the information and explanations provided to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or cess which have not been deposited on account of any dispute except Income Tax due in respect of A.Y.2004-05 amounting to Rs.3.82 lakhs for which appeal is pending before the ITAT.

## Potentially Sick Company:

- 18 There are no accumulated losses as at 31<sup>st</sup> March 2007. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

## Repayment of Dues:

- 19 Based on our audit procedures and according to the information and explanations provided to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, bank or debentureholders.

## Guarantees Given:

20. i) According to the information and explanations provided to us, the Company has given

guarantee for loan taken by wholly owned subsidiary from bank.

- ii) According to the information and explanations provided to us, the terms and conditions of the above guarantee are not prejudicial to the interest of the Company.

## Term Loans:

- 21 According to the records of the Company and according to the information and explanations provided to us, the term loans have been applied for the purpose for which the loans were obtained.

## Sources and Application of Funds:

22. On the basis of review of utilization of funds, which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us and as represented to us by the management, funds raised on short-term basis have not been used for long-term investment.

## Security or charge in respect of debentures issued:

23. The Company has not issued any secured debentures during the period covered by this report.

## End use of moneys raised by public issues:

24. The Company has not raised any money by public issue during the year.

## Fraud:

25. Based upon the audit procedures performed and the information and explanations provided to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

## Other Clauses:

- 26 The following clauses of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company and hence the same are not reported upon:

Clause (ii), Clause (viii), Clause (xii), Clause (xiii), Clause (xiv) & Clause (xviii)

For **HARIBHAKTI & CO.**,  
Chartered Accountants

**CHETAN DESAI**

Partner

Membership No.17000

Place: Mumbai  
Date: 22<sup>nd</sup> June 2007





## BALANCE SHEET AS AT MARCH 31, 2007 [Currency: Thousands of Indian rupees]

	<u>Schedules</u>	<u>2007</u>	<u>2006</u>
<b>SOURCE OF FUNDS</b>			
<b>Shareholders' Funds -</b>			
Share capital	1	8,96,00	5,60,00
Reserves and surplus	2	38,37,73	29,52,55
		<u>47,33,73</u>	<u>35,12,55</u>
<b>Loan Funds -</b>			
Secured loans	3	43,93,74	27,13,18
Unsecured loans	4	74,52,75	78,14,57
		<u>1,18,46,49</u>	<u>1,05,27,75</u>
<b>Deferred tax liability (Net)</b>	5,18A(g)	2,89,64	2,20,19
		<u>1,68,69,86</u>	<u>1,42,60,49</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets -</b>			
At cost	6,18A(a)	69,78,92	49,34,89
Less: Accumulated depreciation	6,18A(a)	(22,93,16)	(18,38,59)
Net block		46,85,76	30,96,30
Add : Capital work in progress	6	1,72,44	1,45,19
Net fixed asset	6,18A(a)	48,58,20	32,41,49
<b>Investments</b>	7,18A(b)	14,73,32	14,45
<b>Current Assets, Loans and Advances -</b>			
Sundry debtors	8,18B	1,26,61,60	87,87,72
Cash and bank balances	9	15,51,34	68,80,78
Other current assets	10	23,54,38	6,96,80
Loans and advances	11	23,71,64	2,04,98
		<u>1,89,38,96</u>	<u>1,65,70,28</u>
<b>Less: Current Liabilities and Provisions -</b>			
Current liabilities	12	( 79,90,87)	( 53,55,02)
Provisions	13	(4,09,75)	( 2,10,71)
Net current assets		<u>1,05,38,34</u>	<u>1,10,04,55</u>
		<u>1,68,69,86</u>	<u>1,42,60,49</u>

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

As per report of even date  
**For HARIBHAKTI & CO.**  
 Chartered Accountants  
**Chetan Desai**  
 Partner

### FOR AND ON BEHALF OF THE BOARD

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

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

Place: Mumbai  
 Date: June 22, 2007



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2007

[Currency: Thousands of Indian rupees]

	<u>Schedules</u>	<u>2006-2007</u>	<u>2005-2006</u>
Revenues	18A(c)	2,05,80,77	1,81,29,86
Operating expenses	14,18A(c)	(1,59,75,43)	(1,46,11,30)
<b>Gross operating profit</b>		<b>46,05,34</b>	<b>35,18,56</b>
General and administrative expenses	15	(11,95,99)	(14,22,19)
<b>Net operating profit</b>		<b>34,09,35</b>	<b>20,96,37</b>
Miscellaneous income	16	45,16	2,35,52
<b>Net profit before interest and depreciation</b>		<b>34,54,51</b>	<b>23,31,89</b>
Interest expenses	18D	(6,33,34)	(4,83,32)
Depreciation	6	(4,86,92)	(4,10,69)
<b>Net profit before tax</b>		<b>23,34,25</b>	<b>14,37,88</b>
Provision for taxation, net -	17	( 8,51,00)	( 5,12,63)
<b>Net profit after tax</b>		<b>14,83,25</b>	<b>9,25,25</b>
<b>Profit and loss account – opening balance</b>		<b>10,67,27</b>	<b>7,66,93</b>
Less: Transferred to -			
General reserve		(1,50,00)	(1,00,00)
Bond redemption reserve		(13,46,72)	(3,65,28)
Less: Proposed dividend		(2,24,00)	(1,40,00)
Tax on dividend		( 38,07)	( 19,63)
<b>Profit and loss account – closing balance</b>		<b>7,91,73</b>	<b>10,67,27</b>
<b>EARNINGS PER EQUITY SHARE</b>			
(Face value Rs. 10/- per share)			
Basic earnings per equity share	18H	<b>16.55</b>	<b>10.33</b>
Diluted earnings per equity share	18H	<b>12.56</b>	<b>10.05</b>

The accompanying schedules and notes are an integral part of this Statement.

As per report of even date  
**For HARIBHAKTI & CO.**  
 Chartered Accountants  
**Chetan Desai**  
 Partner

### FOR AND ON BEHALF OF THE BOARD

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

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

Place: Mumbai  
 Date: June 22 , 2007



## SCHEDULES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

[Currency: Thousands of Indian rupees]

	<u>2007</u>	<u>2006</u>
<b>1. SHARE CAPITAL:</b>		
<b>Authorised</b>		
1,00,00,000 equity shares of Rs 10 each	<u>10,00,00</u>	<u>10,00,00</u>
<b>Issued, subscribed and paid up</b>		
89,60,000 ( 2006 - 56,00,000) equity shares of Rs 10 each fully paid up	<u>8,96,00</u>	<u>5,60,00</u>
[Note: Of the above the share capital includes 36,00,000 bonus equity shares of Rs. 10 each issued to shareholders by capitalisation of reserves and surplus and 33,60,000 bonus equity shares of Rs 10 each issued to shareholders by capitalisation of share premium account]		
<b>2. RESERVES AND SURPLUS:</b>		
General Reserve -		
Opening balance	11,00,00	10,00,00
Add : Transfer from Profit and Loss account	1,50,00	1,00,00
Closing balance	<u>12,50,00</u>	<u>11,00,00</u>
Bond Redemption Reserve account -		
Opening balance	3,65,28	-
Add : Transfer from Profit and Loss account	13,46,72	3,65,28
Closing balance	<u>17,12,00</u>	<u>3,65,28</u>
Share Premium account -		
Opening balance	4,20,00	4,20,00
Less: Utilisation for issue of bonus shares	(3,36,00)	-
Closing balance	<u>84,00</u>	<u>4,20,00</u>
Profit and Loss account	<u>7,91,73</u>	<u>10,67,27</u>
	<u><b>38,37,73</b></u>	<u><b>29,52,55</b></u>
<b>3. SECURED LOANS:</b>		
Cash credit from scheduled banks	38,83,20	19,71,90
Loans from companies and banks	41,29	35,39
Term Loan from Bank	4,63,91	6,99,01
Interest accrued and due	5,34	6,88
	<u><b>43,93,74</b></u>	<u><b>27,13,18</b></u>

**Note :**

- The cash credit facilities 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.
- Loans from companies & banks include loans of Rs. 38.42 lacs (2006 – Rs.30.57 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.40,64.40 lacs (2006 - Rs. 22,35.62 lacs).





	<u>2007</u>	<u>2006</u>
<b>4. UNSECURED LOANS:</b>		
Foreign Currency Convertible Bonds		
0.5% Foreign Currency Convertible Bonds Redeemable -2010	<b>67,41,00</b>	67,41,00
Fixed Deposits		
From Shareholders & others	<b>57,50</b>	44,25
Short Term Loans and Advances		
From Directors	<b>1,45,25</b>	1,10,25
From Companies	<b>5,09,00</b>	9,19,00
Interest accrued and due	-	7
	<b><u>74,52,75</u></b>	<u>78,14,57</u>
<b>Note :</b> Fixed deposits repayable within one year amount to Rs. 27.50 lacs (2006 – Rs.14.50 lacs).		
<b>5. DEFERRED TAX (NET):</b>		
Difference between book and tax depreciation	<b>8,78,66</b>	6,73,17
Provision for leave encashment	<b>(26,51)</b>	(19,00)
Net impact on timing difference	<b>8,52,15</b>	6,54,17
Effective tax rate	<b>33.99%</b>	33.66%
Deferred tax liability/(asset)	<b><u>2,89,64</u></b>	<u>2,20,19</u>

#### 6. FIXED ASSETS:

##### Cost-

	Premises	Plant and Machinery	Office Equipment	Furniture & Fixtures	Motor Car	Computer	Vessels	Total
Beginning of the year	4,32,95	21,67,55	39,62	48,38	1,68,73	1,51,46	19,26,20	49,34,89
Additions in the year	—	1,57,75	3,05	1,00	66,12	36,61	18,15,02	20,79,55
Deletion in the year	—	—	—	—	(25,59)	( 9,93)	—	(35,52)
End of year	<u>4,32,95</u>	<u>23,25,30</u>	<u>42,67</u>	<u>49,38</u>	<u>2,09,26</u>	<u>1,78,14</u>	<u>37,41,22</u>	<u>69,78,92</u>

##### Depreciation-

Beginning of the year	1,50,65	7,36,36	22,25	29,89	1,20,43	81,31	6,97,70	18,38,59
For the year	11,42	2,07,57	2,97	4,35	23,92	31,13	2,05,56	4,86,92
Retirements	—	—	—	—	(22,72)	(9,63)	—	(32,35)
End of year	<u>1,62,07</u>	<u>9,43,93</u>	<u>25,22</u>	<u>34,24</u>	<u>1,21,63</u>	<u>1,02,81</u>	<u>9,03,26</u>	<u>22,93,16</u>

##### Net block-

Current year	270,88	13,81,37	17,45	15,14	87,63	75,33	28,37,96	46,85,76
Add : Capital Work-in-progress	—	—	—	—	—	—	—	1,72,44
	<u>2,70,88</u>	<u>13,81,37</u>	<u>17,45</u>	<u>15,14</u>	<u>87,63</u>	<u>75,33</u>	<u>28,37,96</u>	<u>48,58,20</u>
Previous year	2,82,30	14,31,19	17,36	18,49	48,30	70,15	12,28,50	30,96,30
Add : Capital Work-in-progress	—	—	—	—	—	—	—	1,45,19
	<u>2,82,30</u>	<u>14,31,19</u>	<u>17,36</u>	<u>18,49</u>	<u>48,30</u>	<u>70,15</u>	<u>12,28,50</u>	<u>32,41,49</u>

#### **Note:**

- The cost of fixed assets as at March 31, 2007 includes fixed assets of cash value Rs. 69.26 lacs (2006 – Rs 1,00.08 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 (2006 – Rs.78.62 lacs).



	<u>2007</u>	<u>2006</u>
<b>7. INVESTMENT:</b> [Unquoted, at cost]		
<b>In Subsidiary Companies-</b>		
29,980 (2006 – 29,980) Equity share of Global Dolphin Drilling Co Ltd of Rs 10 each	3,00	3,00
4,99,994 (2006 – Nil) Equity share of Dolphin International Risk Services Limited of Rs 1 each	5,00	
25,000 (2006- 25,000) Equity share of Dolphin Offshore Enterprises (Mauritius) Pvt Ltd of US Dollar 1 each	11,45	11,45
24,000 (2006 –Nil ) Equity share of Procyon Offshore Services Limited of Rs 100 each	14,53,87	-
	<u>14,73,32</u>	<u>14,45</u>
The net book value of investments in Dolphin Offshore Enterprises (Mauritius) Pvt Ltd as at 31.03.2007 as per their books of account is US \$ 79,281 (2006 - US \$ 7,630), equivalent to Rs. 35.32 lacs (2006 - Rs. 3.18 lacs) at historic rate of exchange.		
<b>8. SUNDRY DEBTORS:</b> [Unsecured, considered good]		
Outstanding for less than six months	93,19,43	74,60,65
Outstanding for more than six months	33,42,17	13,27,07
	<u>1,26,61,60</u>	<u>87,87,72</u>
Sundry Debtor includes amount due from its wholly owned subsidiary amounting to US \$ Nil (2006 - US \$ 5,950), equivalent to Rs. Nil lacs (2006 - Rs.2.82 lacs).		
<b>9. CASH AND BANK BALANCE:</b>		
Cash on hand	3,25	22,36
Balance with scheduled banks -		
In current accounts	1,46,89	52,46
In fixed deposits	14,01,20	68,05,96
	<u>15,51,34</u>	<u>68,80,78</u>
1. The fixed deposit receipts of Rs 3,14.95 lacs (2006 – Rs 1,85.05 lacs) have been deposited with the State Bank of India in lieu of margin money on Guarantees and Letters of Credit issued by the Banks.		
2. Fixed deposits of Rs. 10,86.25 lacs (2006 – Rs 66,20.91) have been deposited with State Bank of India, Singapore in foreign exchange which represents the funds raised from the 0.5% FCCB – 2010 issue.		
3. Further, bank balance in current accounts includes Rs 5.26 lacs (2006 – Rs. 5.23 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.		
<b>10. OTHER CURRENT ASSETS:</b> [Unsecured, considered good]		
Insurance claim	-	58,70
Billable costs	2,29,76	2,30,31
Accrued income	21,24,62	4,07,79
	<u>23,54,38</u>	<u>6,96,80</u>



	<u>2007</u>	<u>2006</u>
<b>11. LOANS AND ADVANCES:</b>		
<b>[Unsecured, considered good]</b>		
Advances recoverable in cash or in kind	1,58,22	1,03,66
Loan to subsidiary	21,02,25	-
Deposits	1,11,17	1,01,32
	<u>23,71,64</u>	<u>2,04,98</u>
<b>12. CURRENT LIABILITIES:</b>		
Sundry creditors *	41,13,76	39,18,71
Bills / Letters of credit payable	24,61,52	5,43,85
Accrued expenses	8,07,39	6,93,41
Unclaimed Dividend **	5,26	5,23
Other current liabilities	6,02,94	1,93,82
	<u>79,90,87</u>	<u>53,55,02</u>
* There are no amounts due to SME units (2006 – nil) as indicated to Management.		
** If dividends remain unclaimed, they will be transferred to the Investors Education and Protection Fund on due dates. During the year Rs. 69,762 has been transferred to Investors Education and Protection Fund.		
<b>13. PROVISIONS:</b>		
Provision for taxation, net	1,47,68	51,08
Proposed dividend	2,24,00	1,40,00
Tax on proposed dividend	38,07	19,63
	<u>4,09,75</u>	<u>2,10,71</u>
<b>14. OPERATING EXPENSES:</b>	<b>2006-2007</b>	<b>2005-2006</b>
Employee costs	3,57,50	2,68,33
Subcontractor charges	43,95,31	26,50,74
Vessel Charter & related cost	61,69,08	73,63,47
Equipment related expenses	12,21,70	13,00,46
Materials, stores and spares	29,28,87	22,74,64
Travel and conveyance expenses	2,68,00	1,14,71
Financial expenses	82,38	84,44
Other operating expenses	5,52,59	5,54,51
	<u>1,59,75,43</u>	<u>1,46,11,30</u>





	2006-2007	2005-2006
<b>15. GENERAL AND ADMINISTRATIVE EXPENSES:</b>		
Employee costs	4,72,34	3,08,02
Rents, rates and taxes	16,65	26,99
Office related expenses	84,76	73,77
Travel and conveyance	1,00,49	61,81
Vehicle expenses	40,97	29,75
Promotional expenses	72,72	52,47
Legal and professional fees	2,76,22	1,51,51
Bond issue expenses	-	2,35,78
Bad debts, net	59,12	4,44,07
Other general & administrative expenses	72,72	38,02
	<u>11,95,99</u>	<u>14,22,19</u>
<b>16. MISCELLANEOUS INCOME:</b>		
Gains (loss) in foreign exchange, net	(1,07,47)	80,05
Interest received	1,34,10	1,29,34
Profit (loss) on sale of assets	80	3
Profit from consortium	-	19,00
Sundry income	17,73	7,10
	<u>45,16</u>	<u>2,35,52</u>
<b>17. PROVISION FOR TAXATION, NET:</b>		
Provision for income tax	7,41,12	4,65,00
Provision for Wealth tax	82	54
Provision for deferred taxes	69,45	21,09
Provision for Fringe Benefit tax	24,00	26,00
	<u>8,35,39</u>	<u>5,12,63</u>
Add : Provision for tax of earlier years, provided	15,61	-
	<u>8,51,00</u>	<u>5,12,63</u>



## 18. NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

### A. Summary of significant accounting policies:

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting. The other significant accounting policies adopted by the Company are:

#### [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 cashflow 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.

#### [b] 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.

#### [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 lumpsum 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.



## **[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 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, except as stated otherwise in the summary of significant accounting policies.

Gains 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 the 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] Retirement benefits –**

Liabilities in respect of retirement benefits, except leave encashment and gratuity, are based on contributions made to respective funds / insurance scheme as notified by them. Provision for leave encashment and gratuity benefits is accounted for on the basis of actuarial valuation.

## **[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.

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.

## **[h] 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. Sundry Debtors:**

Sundry debtors include an amount of Rs 1,97.06 lacs (2006– Rs 1,97.06 lacs) which has been referred to High Court for settlements. The management believes that the grounds for recovery of these amounts strongly favour the Company and accordingly no provisions have been made against these amounts.





## 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 22, 2010 unless the bond holders exercise their option to convert these bonds into equity shares. As at 31.03.2007, there is an unrealised gain in foreign exchange of Rs 2,19.00 lacs (2006 – Rs. 24.00 lacs) on value of bonds, while the yield to year end is Rs. 5,00.63 lacs (2006 – Rs 1,09.31 lacs).
- ii) As at March 31, 2007 the Company had contingent liabilities in respect of bank guarantees, issued to their customers of Rs 18,11.72 lacs [2006 - Rs 13,01.70 lacs] of which Rs 17,77.46 lacs [2006 – Rs 12,86.70 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 commitments –  
The Company has taken Office Premises in Belapur on long term lease. The Company will incur a cost of approximately Rs.7.50 crores in the modification, development and furnishing of these premises of which Rs. 6.00 crores is being funded through term loan.
- iv) 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\$ 30 million. This Capital expenditure is being met through unsecured interest free loan of US\$ 10 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\$ 9.30 million.  
As at March 31, 2007, the Company had already given unsecured loan of US\$ 4.83 million and the balance will be paid during the financial year 2007-2008.
- v) The Company has appealed the award of the Commissioner Income Tax (Appeals) on the block assessment of the Company under Sec .158BC of Income Tax Act, 1961 raising a demand of Rs 52.97 lacs (2006 – Rs 52.97 lacs). There is an additional demand of Rs. 2,89.01 lacs raised by the department for the A.Y. 1998-99 to A.Y. 2004-2005 on account of Shipping reserve disallowance. This matter has been referred to the Tribunal. Any liability arising there from will be booked on completion of the proceedings.

## D. Borrowing cost:

As stated in Schedule 18A(a), financing costs incurred upto 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 cost:

	<u>2006-2007</u>	<u>2005-2006</u>
Interest on fixed deposits / term loans	74,30	99,99
Interest on FCCB	33,90	6,35
Other interest expenditure	5,25,14	3,76,98
Total Borrowing Cost	<u>6,33,34</u>	<u>4,83,32</u>

## E. Segment reporting

### a) Primary Segment reporting (by Business Segments)

The Company has only one business segment. Hence the primary segment reporting requirements are not applicable.

### b) Secondary Segment Reporting (by Geographical Segments)

The Company's operations and management is located in India, hence the secondary segment reporting requirements are not applicable.



## F. Related Party Disclosures-

Related party transactions cover transactions between the Company and the following persons in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

### 1) Related party relationships:

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

- i) Dolphin Offshore Projects Limited (Formerly known as Marwa Investment & Leasing Co Pvt. Ltd.) - under common control
- ii) Kanika Shipping Limited - under common control
- iii) Global Dolphin Drilling Co Limited - 59.96 % subsidiary
- iv) Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd. (Formerly known as Marwa Offshore Enterprises (Mauritius) Pvt. Ltd.) - 100.00 % subsidiary
- v) Dolphin International Risk Services Limited (w.e.f. 30.12.2005) - 99.99 % subsidiary
- vi) Procyon Offshore Services Limited (w.e.f. 31.08.2006) - 100.00 % subsidiary

#### b) Key Management Personnel

- i) Rear Admiral Kirpal Singh - Chairman and Managing Director
- ii) Mr.Satpal Singh - Joint 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) Ms Rishma Singh
- iv) Master Rohan Singh
- v) Mrs Ritu Singh
- vi) Master Tarun Singh
- vii) Master Akhil Singh

#### d) Companies controlled by relatives of key management with whom the Company has had transactions with during the year –

- i) Oakland Trading Private Limited



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

NATURE OF TRANSACTIONS	TRANSACTIONS DURING THE YEAR		OUTSTANDING BALANCE AS AT MARCH 31, 2007	
	2006 -07	2005 -06	RECEIVABLE	PAYABLE
<b>Companies under common control, including subsidiaries</b>			21,04,25	3,29,38
Contract Revenue	43	-		
Subcontractor charges paid	3,16,79	2,28,55		
Hire charges paid	37,70	-		
Rent paid	2,59	2,59		
Interest paid	6,61	2,88		
Unsecured loans received (repaid), net	55,00	24,00		
<b>Key Management Personnel</b>			5,00	2,36,29
Remuneration	2,62,27	1,61,56		
Interest paid	9,99	8,97		
Rent paid	6,38	6,38		
Unsecured loans received (repaid),net	35,00	1,03		
<b>Relatives of Key Management Personnel</b>				65,50
Interest paid	7,38	6,07		
Fixed deposits received (repaid),net	8,25	4,50		
Unsecured loans received (repaid),net	-	8,00		
<b>Companies controlled by Relatives of Key Management Personnel</b>				
Rent paid	2,59	2,59	2,00	1,01

Material related transactions :

	Subcontract charges/ Contract Revenue	Unsecured loan/Fixed Deposit	Hire Charge/ Rent Paid	Interest paid	Investment
<b>Companies under common control, including subsidiaries</b>					
Kanika Shipping Limited	66,00	30,00		3,34	
Dolphin Offshore Projects Limited		25,00	40,29	3,27	
Dolphin Offshore Enterprises [Mauritius] Private Limited	2,50,79				
Procyon Offshore Services Limited	43				
Dolphin International Risk Services Limited					5,00





## Material related transactions :

	Unsecured loan / Fixed Deposit	Rent Paid	Interest paid	Remuneration
<b>Key Management Personnel</b>				
Rear Admiral Kirpal Singh			3,00	99,37
Mr.Satpal Singh	10,00	3,19	5,67	81,45
Mr.Navpreet Singh	25,00	3,19	1,31	81,45
<b>Relatives of Key Management Personnel</b>				
Mrs Manjit Kirpal Singh			4,20	
Mrs Prabha Chandran			36	
Ms Rishma Singh			36	
Mast Rohan Singh			42	
Mrs Ritu Singh	3,00		18	
Mast Tarun Singh	2,75		1,13	
Mast Akhil Singh	2,50		73	
<b>Companies controlled by Relatives of Key Management Personnel</b>				
Oakland Trading Private Limited		2,59		

### 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. 36.36 lacs (2006 – Rs.25.47 lacs). The Company has a future liability of Rs. 48.30 lacs (2006 – Rs 37.94 lacs) towards the said agreements, of which Rs 22.47 lacs is payable within one year.

### H. 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 period.

	<b>2006-2007</b>	2005-2006
Net profit after tax for the year (Rs '000)	<b>14,83,25</b>	9,25,25
Add : Interest to be saved on conversion of bonds to shares	<b>22,49</b>	4,21
Diluted net profit for the year (Rs '000)	<b>15,05,74</b>	9,29,46
Number of Ordinary shares (in '000) *	<b>89,60</b>	89,60
Weighted average shares ( in '000) **	<b>1,19,85</b>	92,44
Basic earnings per share (Rs)	<b>16.55</b>	10.33
Diluted earnings per share (Rs)	<b>12.56</b>	10.05



	<u>2006-2007</u>	<u>2005-2006</u>
<b>Calculation of weighted average number of shares</b>		
* Number of Ordinary shares (in '000)	56,00	56,00
Number of Bonus shares issued during the year	33,60	33,60
Total Number of shares	<u>89,60</u>	<u>89,60</u>
Add : Deemed conversion of bonds to shares US\$ 15,000,000 @ Rs.45.37/- conversion price of Rs 225 per share (in '000)	30,25	2,84
** Weighted average shares outstanding	<u>1,19,85</u>	<u>92,44</u>
<b>I. Additional disclosures required under Schedule VI:</b>		
<b>[a] Remuneration to Directors, including Managing Director-</b>		
Salary	1,33,44	81,84
Perquisites	2,80	4,90
Commission - Wholetime Directors	1,26,04	74,82
- Other Directors	26,22	16,16
	<u>2,88,50</u>	<u>1,77,72</u>
<b>Calculation of adequacy of Directors of profit for Directors' Commission</b>		
Net Profit before tax	23,34,25	14,37,88
Add : Directors' remuneration	2,88,50	1,77,72
<b>Profit for calculation of Directors Commission</b>	<u>26,22,75</u>	<u>16,15,60</u>
Directors remuneration at 11%	<u>2,88,50</u>	<u>1,77,72</u>
<b>[b] Legal and professional fees include fees to auditors –</b>		
<b>[i] As Auditors -</b>		
- Statutory auditors	5,06	5,05
- Tax auditors	1,12	1,12
<b>[ii] Fees for other services -</b>		
- Taxation matters	-	92
- Limited Review Fees	84	72
- Certification Fees	60	69
<b>[iii] Out of pocket expenses -</b>		
	22	11
	<u>7,84</u>	<u>8,61</u>



	<u>2006-2007</u>		<u>2005-2006</u>	
<b>[c] Operating Expenses and General &amp; Administration Expenses include –</b>				
Rent		<b>13,00</b>		13,00
Repairs & Maintenance				
- Building		<b>47,67</b>		19,20
- Machinery		<b>21,47</b>		32,74
- Vessels		<b>2,10,58</b>		26,26
- Others		<b>38,55</b>		36,48
		<b>3,18,27</b>		1,14,68
Employee's Remuneration and benefits				
- Salaries, Wages, Bonus, allowances and others		<b>5,60,48</b>		4,05,18
- Contribution to P.Fund and other funds		<b>74,80</b>		49,33
- Employee's Welfare and other Amenities		<b>24,50</b>		18,39
		<b>6,59,78</b>		4,72,90
Insurance				
- Personnel		<b>17,80</b>		9,48
- Others		<b>2,19,58</b>		56,91
		<b>2,37,38</b>		66,39
Rates & Taxes		<b>3,66</b>		14,00
<b>[d] Value of imports calculated on CIF basis in respect of –</b>				
Materials, stores and spares		<b>7,02,82</b>		6,44,80
<b>[e] Break up of materials, stores and spares consumed -</b>				
	<b>2006-2007</b>		<b>2005-2006</b>	
	<b>Value</b>	<b>Percentage</b>	<b>Value</b>	<b>Percentage</b>
Indigenous	<b>22,26,05</b>	<b>76.00%</b>	16,29,84	71.65%
Imported	<b>7,02,82</b>	<b>24.00%</b>	6,44,80	28.35%
	<b>29,28,87</b>	<b>100.00%</b>	22,74,64	100.00%
<b>[J] Expenditure in foreign currency -</b>				
Plant & Machinery				
Vessels			<b>1,10,89</b>	79,18
Foreign subcontractors			<b>16,07,62</b>	-
Vessel Charter & Related expenses			<b>6,19,42</b>	2,99,68
Professional fees			<b>10,93,89</b>	68,23
Bond expenses			<b>44</b>	1,13,27
Equipment related expenses			-	1,61,75
Materials, stores and spares			<b>1,31,03</b>	3,39,69
Foreign travel			<b>7,02,82</b>	6,44,80
Other matters			<b>1,61,81</b>	61,88
Advance to Wholly owned subsidiary			<b>3,66,96</b>	24,75
			<b>21,55,37</b>	-
			<b>69,50,25</b>	17,93,23
<b>[g] Earnings / Borrowing in foreign exchange -</b>				
Contract revenues *			<b>1,10,89,54</b>	1,16,60,03
Foreign Currency bonds			-	67,41,00
Interest received			<b>1,21,35</b>	80,88
			<b>1,12,10,89</b>	1,84,81,91

\* 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. 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 [Amount Rs. In Thousands]

Public Issue          Rights Issue

Bonus Issue         Private Placement

#### 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 the Company [Amount Rs. In Thousands]

Turnover         Total Expenditure

+Profit/Loss Before Tax        +-Profit/Loss After Tax

Earning per Share in Rs.    .   Dividend      %

#### 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

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

Place: Mumbai  
Date: June 22, 2007



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

	2006-2007	2005-2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX</b>	<b>23,34,25</b>	14,37,88
Adjusted for:		
Depreciation	4,86,92	4,10,69
Interest [Net]	4,99,23	3,53,98
Loss/ (Profit) on sale of Fixed assets	(80)	(3)
Share of profit from consortium	-	(19,00)
<b>Operating profit before working capital changes</b>	<b>33,19,60</b>	21,83,52
Adjustments for:		
Trade and other receivables	(76,98,13)	(23,41,58)
Trade and other payables	26,35,86	5,08,77
Provisions	96,61	33,08
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(16,46,06)</b>	3,83,79
Direct taxes paid	(8,01,18)	(4,15,04)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(24,47,24)</b>	(31,25)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(20,79,57)	(2,66,86)
Capital work-in-progress	(27,25)	(1,45,19)
Sale of fixed assets	3,98	20
Investment made	(14,58,87)	(4,42)
Share of profit from consortium	-	19,00
Interest received	1,34,10	1,29,34
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(34,27,61)</b>	(2,67,93)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowing, net	(2,35,10)	65,53,43
Proceeds from short term borrowing, net	15,49,55	33,29
Increase [decrease] in lease liabilities	5,90	(9,10)
Dividend paid	(1,40,00)	(1,40,00)
Interest paid	(6,34,94)	(4,76,37)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>5,45,41</b>	59,61,25
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>(53,29,44)</b>	56,62,07
<b>CASH AND CASH EQUIVALENTS 01.04.2006</b>	<b>68,80,78</b>	12,18,71
<b>CASH AND CASH EQUIVALENTS 31.03.2007</b>	<b>15,51,34</b>	68,80,78

### FOR AND ON BEHALF OF THE BOARD

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

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

Place: Mumbai  
Date: June 22, 2007



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF DOLPHIN OFFSHORE ENTERPRISES (INDIA) LIMITED AND ITS SUBSIDIARIES

To,

The Board of Directors

### Dolphin Offshore Enterprises (India) Limited

We have audited the attached Consolidated Balance Sheet of Dolphin Offshore Enterprises (India) Limited and its Subsidiaries as at 31<sup>st</sup> March 2007, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date.

These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the Financial Statements of the Subsidiaries of the Company, whose Financial Statements reflect Total Assets of Rs. 2904.71 lakhs at March 31, 2007 and Total Revenues of Rs. 1326.14 lakhs for the year ended as on that date. These Financial Statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the Subsidiaries is based solely on the reports of the other auditors.

We report that the Consolidated Financial Statements have been prepared by Dolphin Offshore Enterprises

(India) Limited in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by The Institute of Chartered Accountants of India, and on the basis of the separate audited Financial Statements of the Dolphin Group in the Consolidated Financial Statements.

We further report as under:

1. Uncertainty about realisation of debts of Rs. 197.06 lakhs referred to the High Court as stated by Note No. 17B.

We are unable to express an opinion on the resulting impact of the above matters on the profit for the year and the value of relevant assets and liabilities. *Subject to this*, on the basis of the information and explanation given to us and on the consideration of separate audit reports on individual audited financial statements of the Dolphin Group, we are of the opinion that the said Consolidated Financial Statements give a true and fair view in conformity with the accounting principles accepted in India:

- (i) In the case of the Consolidated Balance Sheet, of the state of affairs of Dolphin Group as at 31<sup>st</sup> March, 2007;
- (ii) In the case of the Consolidated Profit and Loss Account, of the profit of the Consolidated results of Dolphin Group for the year ended on that date; and
- (iii) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Dolphin Group for the year ended on that date.

For **HARIBHAKTI & CO.**,  
Chartered Accountants

**CHETAN DESAI**  
Partner

Place: Mumbai  
Date: 22<sup>nd</sup> June 2007

Membership No. : 17000





## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007 [Currency: Thousands of Indian rupees]

	<u>Schedules</u>	<u>2007</u>	<u>2006</u>
<b>SOURCE OF FUNDS</b>			
<b>Shareholders' Funds -</b>			
Share capital	1	8,96,00	5,60,00
Reserves and surplus	2	41,01,20	29,51,08
		<u>49,97,20</u>	<u>35,11,08</u>
Minority Interests		6,57	6,41
<b>Loan Funds -</b>			
Secured loans	3	46,10,94	27,13,18
Unsecured loans	4	74,52,75	78,14,57
		<u>1,20,63,69</u>	<u>1,05,27,75</u>
<b>Deferred tax liability (Net)</b>	5,17A(h)	2,90,81	2,20,19
		<u>1,73,58,27</u>	<u>1,42,65,43</u>
<b>APPLICATION OF FUNDS</b>			
<b>Goodwill on consolidation</b>		11,47,01	—
<b>Fixed Assets -</b>			
At cost	6,17A(b)	81,16,47	49,34,89
Less: Accumulated depreciation	6,17A(b)	(29,38,95)	(18,38,59)
Net block		51,77,52	30,96,30
Add : Capital work in progress	6	18,86,42	1,45,19
Net fixed asset	6,17A(b)	70,63,94	32,41,49
<b>Investments -</b>			
		2,00	—
<b>Current Assets, Loans and Advances -</b>			
Sundry debtors	7,17B	1,28,12,98	87,88,17
Cash and bank balances	8	18,85,30	68,98,04
Other current assets	9	23,80,44	6,98,03
Loans and advances	10	3,25,25	2,06,41
		<u>1,74,03,97</u>	<u>1,65,90,65</u>
<b>Less: Current Liabilities and Provisions -</b>			
Current liabilities	11	(78,33,70)	(53,56,00)
Provisions	12	(4,26,02)	(2,10,72)
Net current assets		91,44,25	1,10,23,94
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)		1,07	—
		<u>1,73,58,27</u>	<u>1,42,65,43</u>

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

As per report of even date

**For HARIBHAKTI & CO.**  
Chartered Accountants  
**Chetan Desai**  
Partner

**FOR AND ON BEHALF OF THE BOARD**

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

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

Place: Mumbai  
Date: June 22, 2007



## CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2007 [Currency: Thousands of Indian rupees ]

	<u>Schedules</u>	<u>2006-2007</u>	<u>2005-2006</u>
Revenues	17A(d)	2,12,35,71	1,82,54,05
Operating expenses	13,17A(d)	(1,63,01,05)	(1,47,11,72)
<b>Gross operating profit</b>		<b>49,34,66</b>	<b>35,42,33</b>
General and administrative expenses	14	(12,56,53)	(14,83,70)
<b>Net operating profit</b>		<b>36,78,13</b>	<b>20,58,63</b>
Miscellaneous income	15	53,38	2,20,18
<b>Net profit before interest and depreciation</b>		<b>37,31,51</b>	<b>22,78,81</b>
Interest expenses	17D	(6,48,88)	(4,83,32)
Depreciation	6	(5,53,47)	(4,10,69)
<b>Net profit before tax</b>		<b>25,29,16</b>	<b>13,84,80</b>
<b>Add: Minority Interest (Share of Loss)</b>		<b>(16)</b>	<b>(18)</b>
Provision for taxation, net -	16	(8,67,72)	(4,99,77)
<b>Net profit after tax</b>		<b>16,61,28</b>	<b>8,84,85</b>
<b>Profit and loss account – opening balance</b>		<b>10,66,12</b>	<b>8,06,18</b>
Less: Transferred to -			
General reserve		(1,62,22)	(1,00,00)
Tonnage Tax		(19,81)	
Bond redemption reserve		(13,46,72)	(3,65,28)
Less: Proposed dividend		(2,24,00)	(1,40,00)
Tax on dividend		(38,07)	(19,63)
<b>Profit and loss account – closing balance</b>		<b>9,36,58</b>	<b>10,66,12</b>
<b>EARNINGS PER EQUITY SHARE</b>			
(Face value Rs. 10/- per share)			
Basic earnings per equity share	17I	18.54	9.88
Diluted earnings per equity share	17I	14.05	9.62

The accompanying schedules and notes are an integral part of this statement.

As per report of even date

**For HARIBHAKTI & CO.**  
Chartered Accountants  
**Chetan Desai**  
Partner

**FOR AND ON BEHALF OF THE BOARD**

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

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

Place: Mumbai  
Date: June 22, 2007



## SCHEDULES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007 [Currency: Thousands of Indian rupees]

	2007	2006
<b>1. SHARE CAPITAL:</b>		
<b>Authorised</b>		
1,00,00,000 equity shares of Rs 10 each	<u>10,00,00</u>	<u>10,00,00</u>
<b>Issued, subscribed and paid up</b>		
89,60,000 ( 2006 - 56,00,000) equity shares of Rs 10 each fully paid	<u>8,96,00</u>	<u>5,60,00</u>
[Note: Of the above the share capital includes 36,00,000 bonus equity shares of Rs. 10 each issued to shareholders by capitalisation of reserves and surplus and 33,60,000 bonus equity shares of Rs 10 each issued to shareholders by capitalisation of share premium account]		
<b>2. RESERVES AND SURPLUS:</b>		
General Reserve -		
Opening balance	11,00,00	10,00,00
Add : Transfer from Profit and Loss account	1,62,22	1,00,00
Closing balance	<u>12,62,22</u>	<u>11,00,00</u>
Bond Redemption Reserve account -		
Opening balance	3,65,28	—
Add: Transfer from Profit and Loss account	13,46,72	3,65,28
Closing balance	<u>17,12,00</u>	<u>3,65,28</u>
Tonnage Tax Reserve Account -		
Opening balance	74,78	—
Add: Transfer from Profit and Loss account	31,75	—
Closing balance	<u>1,06,53</u>	<u>—</u>
Share Premium account		
Opening balance	4,20,00	4,20,00
Less: Utilisation for issue of bonus shares	(3,36,00)	—
Closing balance	<u>84,00</u>	<u>4,20,00</u>
Profit and Loss account	9,36,58	10,66,12
Foreign Exchange Translation Reserve	(13)	(32)
	<u>41,01,20</u>	<u>29,51,08</u>
<b>3. SECURED LOANS:</b>		
Cash credit from scheduled banks	38,83,20	19,71,90
Loans from companies and banks	47,49	35,39
Term Loan from Bank	6,74,91	6,99,01
Interest accrued and due	5,34	6,88
	<u>46,10,94</u>	<u>27,13,18</u>

### Note :

- The cash credit facilities 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.
- Loans from companies & banks include loans of Rs.44.62 lacs (2006 – Rs.30.57 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.41,38.57 lacs (2006 -Rs. 22,35.62 lacs).



	2007	2006
<b>4. UNSECURED LOANS:</b>		
Foreign Currency Convertible Bonds		
0.5% Foreign Currency Convertible Bonds Redeemable -2010	67,41,00	67,41,00
Fixed Deposits		
From Shareholders & others	57,50	44,25
Short Term Loans and Advances		
From Directors	1,45,25	1,10,25
From Companies	5,09,00	9,19,00
Interest accrued and due	—	7
	<b>74,52,75</b>	<b>78,14,57</b>

**Note :** Fixed deposits repayable within one year amount to Rs. 27.50 lacs (2006 – Rs.14.50 lacs).

<b>5. DEFERRED TAX (NET):</b>		
Difference between book and tax depreciation	8,81,69	6,73,17
Provision for leave encashment	(26,51)	(19,00)
Net impact on timing difference	8,55,18	6,54,17
Effective tax rate	33.99%	33.66%
Deferred tax liability/(asset)	<b>2,90,81</b>	<b>2,20,19</b>

## 6. FIXED ASSETS:

	Premises	Plant and Machinery	Office Equipment	Furniture & Fixtures	Motor Car	Computer	Vessels	Total
<b>Cost-</b>								
Beginning of the year	4,88,97	21,67,55	45,09	55,50	1,77,09	1,56,13	29,62,78	60,53,11
Additions in the year	—	1,57,75	3,12	2,03	74,39	42,46	18,23,18	21,02,93
Deletion in the year	—	—	—	—	(25,59)	(13,98)	—	(39,57)
End of year	<b>4,88,97</b>	<b>23,25,30</b>	<b>48,21</b>	<b>57,53</b>	<b>2,25,89</b>	<b>1,84,61</b>	<b>47,85,96</b>	<b>81,16,47</b>
<b>Depreciation-</b>								
Beginning of the year	1,75,87	7,36,36	25,27	35,59	1,23,08	85,32	11,93,14	23,74,63
For the year	12,96	2,07,57	3,32	4,63	26,13	31,74	3,14,12	6,00,47
Retirements	—	—	—	—	(22,72)	(13,43)	—	(36,15)
End of year	<b>1,88,83</b>	<b>9,43,93</b>	<b>28,59</b>	<b>40,22</b>	<b>1,26,49</b>	<b>1,03,63</b>	<b>15,07,26</b>	<b>29,38,95</b>
<b>Net block-</b>								
Current year	3,00,14	13,81,37	19,62	17,31	99,40	80,98	32,78,70	51,77,52
Add : Capital Work-in-progress	—	—	—	—	—	—	—	18,86,42
	<b>3,00,14</b>	<b>13,81,37</b>	<b>19,62</b>	<b>17,31</b>	<b>99,40</b>	<b>80,98</b>	<b>32,78,70</b>	<b>70,63,94</b>
Previous year	2,82,30	14,31,19	17,36	18,49	48,30	70,15	12,28,50	30,96,30
Add : Capital Work-in-progress	—	—	—	—	—	—	—	1,45,19
	<b>2,82,30</b>	<b>14,31,19</b>	<b>17,36</b>	<b>18,49</b>	<b>48,30</b>	<b>70,15</b>	<b>12,28,50</b>	<b>32,41,49</b>

### Note:

- The cost of fixed assets as at March 31, 2007 includes fixed assets of cash value Rs. 77.62 lacs (2006 – Rs 1,00.08 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 (2006 – Rs.78.62 lacs).





	<u>2007</u>	<u>2006</u>
<b>7. SUNDRY DEBTORS:</b>		
<b>[Unsecured, considered good]</b>		
Outstanding for less than six months	94,70,36	74,60,65
Outstanding for more than six months	33,42,62	13,27,52
	<u>1,28,12.98</u>	<u>87,88.17</u>
<b>8. CASH AND BANK BALANCE:</b>		
Cash on hand	8,41	22,37
Balance with scheduled banks - in current accounts	4,40,52	56,30
in fixed deposits	14,36,37	68,19,37
	<u>18,85,30</u>	<u>68,98,04</u>
1. The fixed deposit receipts of Rs 3,14.95 lacs (2006 – Rs 1,85.05 lacs) have been deposited with the State Bank of India in lieu of margin money on Guarantees and Letters of Credit issued by the Banks.		
2. Fixed deposits of Rs. 10,86.25 lacs (2006 – Rs. 66,20.91) have been deposited with State Bank of India, Singapore in foreign exchange which represents the funds raised from the 0.5% FCCB – 2010 issue.		
3. Further, bank balance in current accounts includes Rs 5.26 lacs (2006 – Rs. 5.23 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.		
<b>9. OTHER CURRENT ASSETS:</b>		
<b>[Unsecured, considered good]</b>		
Insurance claim	—	58,70
Billable costs	2,55,80	2,30,31
Accrued income	21,24,74	4,09,02
	<u>23,80,44</u>	<u>6,98,03</u>
<b>10. LOANS AND ADVANCES:</b>		
<b>[Unsecured, considered good]</b>		
Advances recoverable in cash or in kind	1,84,30	1,04,75
Tax recoverable	29,06	34
Deposits	1,11,89	1,01,32
	<u>3,25,25</u>	<u>2,06,41</u>
<b>11. CURRENT LIABILITIES:</b>		
Sundry creditors *	39,43,23	39,18,66
Acceptances	24,61,52	5,43,85
Accrued expenses	8,07,50	6,93,52
Unclaimed Dividend **	5,26	5,23
Other current liabilities	6,16,19	1,94,74
	<u>78,33,70</u>	<u>53,56,00</u>
* There are no amounts due to SME units (2006 – nil) as indicated to Management.		
** If dividends remain unclaimed, they will be transferred to the Investors Education and Protection Fund on due dates. During the year Rs. 69,762 has been transferred to Investors Education and Protection Fund.		
<b>12. PROVISIONS:</b>		
Provision for tax, net	1,63,95	51,08
Proposed dividend	2,24,00	1,40,00
Tax on proposed dividend	38,07	19,63
	<u>4,26,02</u>	<u>2,10,71</u>



	<b>2006-2007</b>	<b>2005-2006</b>
<b>13. OPERATING EXPENSES:</b>		
Employee costs	3,57,50	2,75,79
Subcontractor charges	44,42,98	26,53,26
Vessel Charter & related cost	63,24,74	73,63,47
Equipment related expenses	13,30,63	13,00,53
Materials, stores and spares	29,28,87	23,81,53
Travel and conveyance expenses	2,68,00	1,14,81
Financial expenses	82,38	84,44
Other operating expenses	5,65,95	5,37,89
	<u>1,63,01,05</u>	<u>1,47,11,72</u>
<b>14. GENERAL AND ADMINISTRATIVE EXPENSES:</b>		
Employee costs	4,87,18	3,08,02
Rents, rates and taxes	16,64	82,99
Office related expenses	85,05	73,77
Travel and conveyance	1,01,19	61,81
Vehicle expenses	41,86	29,75
Promotional expenses	72,72	52,47
Legal and professional fees	3,12,70	1,56,95
Bond issue expenses	—	2,35,78
Bad debts, net	59,12	4,44,07
Other general & administrative expenses	80,07	38,09
	<u>12,56,53</u>	<u>14,83,70</u>
<b>15. MISCELLANEOUS INCOME:</b>		
Gains (loss) in foreign exchange, net	(1,02,90)	82,48
Interest received	1,37,24	1,30,57
Profit (loss) on sale of assets	64	3
Sundry income	18,40	7,10
	<u>53,38</u>	<u>2,20,18</u>
<b>16. PROVISION FOR TAXATION, NET:</b>		
Provision for income tax	7,57,49	4,52,14
Provision for Wealth tax	82	54
Provision for fringe benefit tax	24,49	26,00
Provision for deferred taxes	69,31	21,09
	<u>8,52,11</u>	<u>4,99,77</u>
Add: Provision for tax of earlier years, provided	15,61	—
	<u>8,67,72</u>	<u>4,99,77</u>



## 17. NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

### A. Summary of significant accounting policies:

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting. The other significant accounting policies adopted by the Company are:

#### [a] Basis of Consolidation –

The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The consolidated financial statements comprise the financial statements of Dolphin Offshore Enterprises [India] Limited (DOEIL) and its subsidiaries.

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

<u>Name of the Company</u>	<u>Short Name</u>	<u>Percentage Holding</u>	<u>Place of Incorporation</u>
1. Dolphin Offshore Enterprises (Mauritius) Private Limited	(DOEMPL)	100.00%	Mauritius
2. Global Dolphin Drilling Co Limited	(GDDC)	59.96%	Mumbai – India
3. Dolphin International Risk Services Limited	(DIRSL)	99.99%	Mumbai – India
4. Procyon Offshore Services Limited	(POSL)	100.00%	Mumbai – India

The effects of inter company transactions between consolidated companies are eliminated on consolidation.

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 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 cashflow 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 (except in the case of Procyon Offshore Services Limited), and computer software which is amortised over a period of five years.

Procyon Offshore Services Limited has calculated depreciation on its ships on the declining method. Had Procyon Offshore Services Limited calculated depreciation on the straight-line method, depreciation for the period would have been lower by Rs. 20.78 lacs and accumulated depreciation as at March 31, 2007 would have been lower by Rs. 2,62.24 lacs.

Leasehold land is amortised over the lease period.

#### [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 lumpsum 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.

## **[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 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, except as stated otherwise in the summary of significant accounting policies.

Gains 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 the 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] Retirement benefits –**

Liabilities in respect of retirement benefits, except leave encashment and gratuity, are based on contributions made to respective funds/insurance scheme as notified by them. Provision for leave encashment and gratuity benefits is accounted for on the basis of actuarial valuation.

## **[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.

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. Sundry Debtors:**

Sundry debtors include an amount of Rs 1,97.06 lacs (2006 – Rs 1,97.06 lacs) which has been referred to High Court for settlements. The management believes that the grounds for recovery of these amounts strongly favour the Company and accordingly no provisions have been made against these amounts.

**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 22, 2010 unless the bond holders exercise their option to convert these bonds into equity shares. As at 31.03.2007, there is an unrealised gain in foreign exchange of Rs 2,19.00 lacs (2006 – Rs. 24.00 lacs) on value of bonds, while the yield to year end is Rs. 5,00.63 lacs (2006 – Rs 1,09.31 lacs).

ii) As at March 31, 2007 the Company had contingent liabilities in respect of bank guarantees, issued to their customers of Rs 18,11.72 lacs [2006 - Rs 13,01.70 lacs] of which Rs 17,77.46 lacs [2006 – Rs 12,86.70 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 commitments –

The Company has taken Office Premises in Belapur on long term lease. The Company will incur a cost of approximately Rs.7.50 crores in the modification, development and furnishing of these premises of which Rs. 6.00 crores is being funded through term loan.

iv) 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\$ 30 million. This Capital expenditure is being met through unsecured interest free loan of US\$ 10 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\$ 9.30 million.

As at March 31,2007, the Company had already given unsecured loan of US\$ 4.83 million and the balance will be paid during the financial year 2007-2008.

v) The Company has appealed the award of the Commissioner Income Tax (Appeals) on the block assessment of the Company under Sec. 158BC of Income Tax Act, 1961 raising a demand of Rs 52.97 lacs (2006 – Rs 52.97 lacs). There is an additional demand of Rs. 2,89.01 lacs raised by the department for the A.Y. 1998-99 to A.Y. 2004-2005 on account of Shipping reserve disallowance. This matter has been referred to the Tribunal. Any liability arising there from will be booked on completion of the proceedings.

**D. Borrowing cost:**

As stated in Schedule 17A(b), financing costs incurred upto 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 cost:



	<u>2006-2007</u>	<u>2005-2006</u>
Interest on fixed deposits / term loans	86,74	99,99
Interest on FCCB	33,90	6,35
Other interest expenditure	5,28,24	3,76,98
Total Borrowing Cost	<u>6,48,88</u>	<u>4,83,32</u>

## E. Segment reporting –

### a) Primary Segment reporting (by Business Segments)

The Company has only one business segment. Hence the primary segment reporting requirements are not applicable.

### b) Secondary Segment Reporting (by Geographical Segments)

The Company's operations and management is located in India, hence the secondary segment reporting requirements are not applicable.

## F. Related Party Disclosures –

Related party transactions cover transactions between the Company and the following persons in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

### 1) Related party relationships:

#### a) Companies under common control:

- i) Dolphin Offshore Projects Limited (Formerly known as Marwa Investment & Leasing Co. Pvt. Ltd.) - under common control
- ii) Kanika Shipping Limited - under common control
- iii) Global Dolphin Drilling Co. Limited - 59.96% subsidiary

#### b) Key Management Personnel:

- i) Rear Admiral Kirpal Singh - Chairman and Managing Director
- ii) Mr.Satpal Singh - Joint 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) Ms. Rishma Singh
- iv) Master Rohan Singh
- v) Mrs. Ritu Singh
- vi) Master Tarun Singh
- vii) Master Akhil Singh

#### d) Companies controlled by relatives of key management with whom the Company has had transactions with during the year:

- i) Oakland Trading Private Limited



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

NATURE OF TRANSACTIONS	TRANSACTIONS DURING THE YEAR		OUTSTANDING BALANCE AS AT MARCH 31, 2007	
	2006 - 07	2005 - 06	RECEIVABLE	PAYABLE
<b>Companies under common control</b>			2,00	92,54
Subcontractor charges paid	66,00	2,28,55		
Hire charges paid	37,70	—		
Rent paid	2,59	2,59		
Interest paid	6,61	2,88		
<b>Key Management Personnel</b>			5,00	2,36,29
Remuneration	2,62,27	1,61,56		
Interest paid	10,43	8,97		
Rent paid	6,38	6,38		
Unsecured loans received (repaid),net	35,00	1,03		
<b>Relatives of Key Management Personnel</b>				65,50
Interest paid	7,38	6,07		
Fixed deposits received (repaid),net	8,25	4,50		
Unsecured loans received (repaid),net	—	8,00		
<b>Companies controlled by Relatives of Key Management Personnel</b>				
Rent paid	2,59	2,59	2,00	1,01
Interest paid	21			

Material related transactions:

	Subcontract charges/ Contract Revenue	Unsecured loan / Fixed Deposit	Hire Charge/ Rent Paid	Interest paid	Investment
<b>Companies under common control</b>					
Kanika Shipping Limited	66,00	30,00		3,34	
Dolphin Offshore Projects Limited		25,00	40,29	3,27	



### Material related transactions :

	Unsecured loan / Fixed Deposit	Rent Paid	Interest paid	Remuneration
<b>Key Management Personnel</b>				
Rear Admiral Kirpal Singh			3,00	99,37
Mr. Satpal Singh	10,00	3,19	5,67	81,45
Mr. Navpreet Singh	35,00	3,19	1,31	81,45
<b>Relatives of Key Management Personnel</b>				
Mrs. Manjit Kirpal Singh			4,20	
Mrs. Prabha Chandran			36	
Ms. Rishma Singh			36	
Mast. Rohan Singh			42	
Mrs. Ritu Singh	3,00		18	
Mast. Tarun Singh	2,75		1,13	
Mast. Akhil Singh	2,50		73	
<b>Companies controlled by Relatives of Key Management Personnel</b>				
Oakland Trading Private Limited		2,59	21	

### Notes

- a) Remuneration includes basic salary, allowance, perks and commission.  
 b) The monthly reimbursement of expenses between the Company and related parties towards office expenses, provident fund etc., are not reflected in the statement above.

3) 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. 36.36 lacs (2006 – Rs.25.47 lacs). The Company has a future liability of Rs. 48.30 lacs (2006 – Rs 37.94 lacs) towards the said agreements, of which Rs 22.47 lacs is payable within one year.

### H. 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 period.

	2006-2007	2005-2006
Net profit after tax for the year (Rs '000)	16,61,28	8,84,85
Add : Interest to be saved on conversion of bonds to shares	22,49	4,21
Diluted net profit for the year (Rs '000)	16,83,77	8,89,06
Number of Ordinary shares (in '000) *	89,60	89,60
Weighted average shares ( in '000) **	1,19,85	92,44
Basic earnings per share (Rs)	18.54	9.88
Diluted earnings per share (Rs)	14.05	9.62
<b>Calculation of weighted average number of shares</b>		
* Number of Ordinary shares (in '000)	56,00	56,00
Number of Bonus shares issued during the year	33,60	33,60
Total Number of shares	89,60	89,60
Add : Deemed conversion of bonds to shares US\$ 15,000,000 @ Rs.45.37/ conversion price of Rs 225 per share (in '000)	30,25	2,84
** Weighted average shares outstanding	1,19,85	92,44

### I. 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, 2007

	2006-2007	2005-2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX</b>	<b>25,29,16</b>	13,84,78
Adjusted for:		
Depreciation	5,53,47	4,10,69
Interest [Net]	5,11,63	3,52,75
Loss/ (Profit) on sale of Fixed assets	(80)	(3)
Miscellaneous expenditure	16	-
<b>Operating profit before working capital changes</b>	<b>35,93,62</b>	21,48,19
Adjustments for:		
Trade and other receivables	(56,84,15)	(23,01,28)
Trade and other payables	24,13,84	4,55,08
Provisions	96,61	33,08
<b>CASH GENERATED FROM OPERATIONS</b>	<b>4,19,92</b>	3,35,07
Direct taxes paid	(8,41,79)	(4,26,40)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(4,21,87)</b>	(91,33)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(21,02,95)	(2,66,86)
Capital work-in-progress	(17,41,23)	(1,45,19)
Transfer to foreign exchange Trans Reserve	-	(40)
Investment received	(14,58,87)	-
Sale of fixed assets	4,07	20
Interest received	1,37,24	1,30,57
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(51,61,74)</b>	(2,81,68)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	5,00	-
Proceeds from long term borrowing, net	(2,74,10)	65,53,43
Proceeds from short term borrowing, net	15,49,55	33,29
Increase [decrease] in lease liabilities	(12,10)	(9,10)
Preliminary expenditure	(1,22)	-
Dividend paid	(1,40,00)	(1,40,00)
Interest paid	(6,50,48)	(4,76,37)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>5,00,85</b>	59,61,25
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>(50,82,76)</b>	55,88,24
<b>CASH AND CASH EQUIVALENTS 01.04.2006</b>	<b>69,68,06</b>	13,09,80
<b>CASH AND CASH EQUIVALENTS 31.03.2007</b>	<b>18,85,30</b>	68,98,04

### FOR AND ON BEHALF OF THE BOARD

Rear Admiral Kirpal Singh	Chairman & Managing Director
Mr. S.Sundar	Director & Audit Committee Chairman
Mr. Satpal Singh	Jt. Managing Director
Mr. Navpreet Singh	Jt. Managing Director
Mr. V.Surendran	Company Secretary

Place: Mumbai  
Date: June 22, 2007



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

1	Name of Subsidiary Companies	<b>Procyon Offshore Services Limited</b>	<b>Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd.</b>	<b>Global Dolphin Drilling Company Limited</b>	<b>Dolphin International Risk Services Limited</b>
2	Financial Year Ending	March 31, 2007	March 31, 2007	March 31, 2007	February 28, 2007
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 within the Holding Company's Account	<b>IN RUPEES</b>	<b>IN RUPEES</b>	<b>IN RUPEES</b>	<b>IN RUPEES</b>
	(i) Current Year	23,048,292	3,178,069	38,502	(19,536)
	(ii) Previous years since it become subsidiary	—	(813,721)	1,101,300	—
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 years since it become subsidiary	Nil	Nil	Nil	Nil

---

# SUBSIDIARY COMPANIES

---

## 1. PROCYON OFFSHORE SERVICES LTD.

Directors' Report .....
Auditors' Report .....
Balance Sheet .....
Profit & Loss Account .....

## 2. DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PVT. LTD.

Directors' Report .....
Auditors' Report .....
Balance Sheet .....
Profit & Loss Account .....

## 3. GLOBAL DOLPHIN DRILLING COMPANY LTD.

Directors' Report .....
Auditors' Report .....
Balance Sheet .....
Profit & Loss Account .....

## 4. DOLPHIN INTERNATIONAL RISK SERVICES LTD.

Directors' Report .....
Auditors' Report .....
Balance Sheet .....
Profit & Loss Account .....

# PROCYON OFFSHORE SERVICES LIMITED

## DIRECTORS' REPORT

Your Directors present herewith the Seventeenth Annual Report, together with the audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2007.

### 1.0 FINANCIAL RESULTS:

(Amounts in Thousands of Indian Rupees)

	2006-2007	2005-2006
<b>Net profit before interest and depreciation</b>	<b>3,87,98</b>	4,17,62
Interest	(29,64)	(49,01)
Depreciation	(1,13,57)	(1,38,23)
<b>Net profit before tax</b>	<b>2,44,77</b>	2,30,38
Provision for taxation, net	(14,29)	(5,50)
<b>Net profit for the year</b>	<b>2,30,48</b>	2,24,88
<b>Profit and loss account – opening balance</b>	<b>1,06,36</b>	2,09,06
<b>Surplus available for appropriations</b>	<b>3,36,84</b>	4,33,94
<b>Appropriations</b>		
Transfer to -		
General reserve	19,87	19,00
Tonnage tax reserve	31,75	34,89
Proposed dividend	—	2,40,00
Tax on proposed dividend	—	33,69
<b>Profit and loss account – closing balance</b>	<b>2,85,22</b>	1,06,36
	<b>3,36,84</b>	4,33,94
<b>Earnings per share</b>	<b>960.35</b>	936.99

The Company's financial performance has been discussed in Section 3 along with the operations of the Company.

### 2.0 DIVIDEND:

The Board of Directors has not recommended any dividends to be paid for the year with a view to conserve the Company's financial resources to meet its expansion plans.

### 3.0 OPERATIONS:

During the year, the income from charter hire and shipping fees increased by 11.80 % to Rs. 10.65 crores as against Rs. 9.52 crores in

the previous year. The increase in revenues was on account of higher utilisation of vessels and higher charter rates on some of the vessels, although five of the vessels have been completing their fixed rate contracts entered into in the previous year. The Company did not carry out any vessel management operations for other vessel owners as had been done in the previous year (income Rs. 97.84 lakhs).

Operating expenses for the Company increased by 13.64% to Rs 6.26 crores as against Rs 5.51 crores in the earlier year. The increase in operating expenses has been on account of drydocking of 4 vessels during the year as against 2 vessels in the prior year. In addition, manning cost of the vessels have increased substantially during the year due to shortage of trained and qualified manpower.

Net profit after tax for the year has increased by 2.49% to Rs 2.30 crores as compared to Rs. 2.24 crores in the prior year, despite the fact that profit margins on five of the vessels had declined due to long term charter of the vessels.

The future prospects of the Company look bright as charter rates are firming up and there is a possibility that most of the vessels will be able to renew their contracts at higher rates.

## 4.0 DIRECTORS:

### 4.1 Resignation of Capt. R. D. Rajkhowa, Mr. S. H. Sitlani and Mrs. Deepmala Rajkhowa:

As per the terms of the Shareholders Agreement signed between Dolphin Offshore Enterprises (India) Ltd. and erstwhile shareholders of the Company, the aforesaid directors resigned from their post. During their tenure, the Company has benefited immensely from their experience, insights and advice. The Board would like to acknowledge the invaluable services rendered by them over the years, which have enabled the Company to stand on a sound footing.

### 4.2 Appointment of Directors:

Rear Admiral Kirpal Singh, Mr. S. Venkiteswaran, Mr. Bipin R. Shah and Mr. Satpal Singh have been appointed as an Additional Directors of the Company with effect from August 31, 2006 and Mr. Madan L. Kochhar has been appointed as an Additional Director of the Company with effect from June 15, 2007 and will hold office up to the date of the ensuing Annual General Meeting.



# PROCYON OFFSHORE SERVICES LIMITED

Mr. S. Venkiteswaran has been appointed as the Chairman of the Company w.e.f. September 7, 2006.

Your Directors recommends that they be appointed as Directors of the Company in the ensuing Annual General Meeting.

#### 4.3 Appointment of Mr. Navpreet Singh as Managing Director:

At the Extra Ordinary General meeting of the Company held on October 10, 2006, Mr. Navpreet Singh has been appointed as Managing Director for a term of 5 years with effect from September 7, 2006.

#### 5.0 FIXED DEPOSIT:

The Company has not accepted any deposits from the public during the year under review.

#### 6.0 AUDITORS:

M/s. Jagannath Joshi & Company, Statutory Auditors of the Company have intimated their inability to continue as Statutory Auditors of the Company. The Company has received a letter from M/s. Jagannath Joshi & Co. to this effect. The Board of Directors and the Management of the Company take this opportunity to thank M/s. Jagannath Joshi & Company for their invaluable services rendered over the past few years.

Accordingly, it is proposed to appoint M/s Haribhakti & Co., Chartered Accountants as Statutory Auditors for the Financial Year 2007-08 in the place of the retiring Auditors, M/s Jagannath Joshi & Company. M/s. Haribhakti & Co. has intimated that their appointment, if made, would be within the prescribed limit under section 224(1-B) of the Companies Act, 1956. The approval of the shareholders in this regard is being sought at the ensuing Annual General Meeting.

#### 7.0 DOLPHIN OFFSHORE ENTERPRISES (INDIA) LIMITED:

The Company has become the wholly owned subsidiary of Dolphin Offshore Enterprises w.e.f. August 31, 2006.

#### 8.0 DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i. That in the preparing of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. That the Directors had selected such accounting policies and had applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.

- iii. That the Directors has taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors had prepared the Annual Accounts on going concern basis.

#### 9.0 PARTICULARS OF EMPLOYEES:

During the year under review, the Company did not have any employee drawing remuneration as stipulated under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

#### 10.0 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 do not apply to the business of the Company.

#### 11.0 FOREIGN EXCHANGE EARNING AND OUTGO:

	2006-2007 Rs.	2005-2006 Rs.
I. Foreign Exchange earned including direct & indirect exports	NIL	NIL
II. Foreign exchanges used	36,659	7,046,443/-

#### 12.0 ACKNOWLEDGEMENT:

Your Directors wish to express their grateful appreciation for the co-operation and support received from the shareholders, company's bankers, clients and other Government agencies.

Your Directors also wish to place on record their deep sense of appreciation for the devoted services of the employees of the Company.

**For and on behalf of the Board**

Place : Mumbai  
Date : June 15, 2007

**Mr S. Venkiteswaran  
Chairman**

# PROCYON OFFSHORE SERVICES LIMITED

## AUDITORS' REPORT

To

The Members of

**PROCYON OFFSHORE SERVICES LTD.**

We have audited the attached Balance Sheet of **PROCYON OFFSHORE SERVICES LIMITED** as at 31<sup>st</sup> March, 2007 and the Profit and Loss Account 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.

We conducted our audit 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 mis-statement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Further to our comments in the Annexure, referred to above, we report that:

1. 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.
2. In our opinion all the proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
3. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the accounting standards referred to in sub section 3(c) of section 211 of the Companies Act, 1956. As regards related party disclosures, we have relied upon the information as compiled by the management.

5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by The Companies Act, 1956 in the manner so required and give a true and fair view:

- in the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2007 and
- in the case of the Profit and Loss Account of the profit for the year ended on that date.

Statement on the matters specified in paragraph 4 and 5 of the Companies (Auditors' Report) Order, 2003, issued by the Company Law Board in terms of section 227 of the Companies Act, 1956.

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

We have been informed that the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

- ii) The procedures employed by management, for physical verification of the stock of Gas Oil are reasonable and adequate in relation to the size of the Company and nature of its business and such verification has been conducted at reasonable intervals.

The stock records maintained are proper and no material discrepancies were noticed on verification thereof.

- iii) The unsecured loans previously taken by the Company which have been shown as opening balance on the first day of the account year under audit, has been repaid in full. The rate of interest and other terms and conditions of the above referred unsecured loans taken by the company, were 'prima facie' not prejudicial to the interest of the Company.

The Company has also taken temporary loans from the parties covered in the register maintained under section 301 of the Act, as stated in item number 13 of the Schedule 17 (Notes to Accounts) to the Balance Sheet. The same has been repaid on the date of the Balance Sheet. The rate of interest and other terms and conditions of these loans taken by the company, were 'prima facie' not prejudicial to the interest of the Company.

The Company has granted an interest free advance of Rs. 2,00,000/- to the Company

# PROCYON OFFSHORE SERVICES LIMITED

- covered in the register maintained under section 301 of the Act.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the services rendered.
- v) The Company has not entered into any transactions with the parties covered by Section 301 of the Companies Act, exceeding the limit laid down in the CARO, 2003.
- vi) The Company has not accepted any deposits from the public and consequently the provisions of section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- vii) In our opinion and according to the information and explanations given to us, there is an adequate internal control audit system commensurate with the size of the company and the nature of its business.
- viii) Maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- ix) The Company is regular in depositing statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable, in respect of Income-Tax, Sales-Tax, Wealth-Tax, Custom Duty, Excise Duty, Cess, and other statutory dues whichever is applicable as at the last day of the financial year concerned for a period of more than six months from the date they become payable.
- x) The Company has no accumulated losses as at the end of the year. The Company has not incurred any cash losses during the current year and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institution, banks or debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund, or a nidhi or mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xiv) According to the information and explanation given to us, the Company is maintaining proper records of the transactions and contracts of dealing in the shares and securities and that timely entries have been made in these records.
- The shares and securities have been held by the Company in its own name.
- xv) In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions, whereof, are prejudicial to the interest of the Company.
- xvi) The term loans obtained by the Company have been applied for the purpose for which they are raised.
- xvii) The Company has not raised funds on the short-term basis, which have been used for long-term investment, and vice versa.
- xviii) During the period under audit, the Company has not made any allotment of shares.
- xix) The Company has not issued debentures during the year under audit.
- xx) The Company has not raised any money through a public issue during the year under audit.
- xxi) Based on the audit procedures performed and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.
- xxii) On the basis of written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2007, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**FOR JAGANNATH JOSHI & CO.**  
**Chartered Accountants**

Place : Mumbai  
Date : 15.06.2007

**J.J.JOSHI**  
**Proprietor**

# PROCYON OFFSHORE SERVICES LIMITED

## BALANCE SHEET AS AT MARCH 31, 2007

PARTICULARS	SCH. REF.	AS AT		AS AT
		Rs. Ps.	31.03.2007 Rs. Ps.	31.03.2006 Rs. Ps.
<b>I. SOURCES OF FUNDS:</b>				
<b>Shareholders' Funds</b>				
a) Share Capital	1		2,400,000.00	2,400,000.00
b) Reserves & Surplus	2		51,164,747.14	28,116,455.20
<b>Borrowed Funds</b>				
a) Secured Loans	3		21,719,967.00	26,500,000.00
b) Unsecured Loans	4		—	10,699,000.00
<b>Deferred Tax Liability</b>	5		117,116.80	141,590.80
<b>TOTAL</b>			<b>75,401,830.94</b>	<b>67,857,046.00</b>
<b>II. APPLICATIONS OF FUNDS:</b>				
<b>Fixed Assets</b>	6, 17(1)(b)		49,176,077.02	58,220,150.90
<b>Investments</b>	7, 17(1)(d)		200,540.00	11,906,932.47
<b>Net Current Assets</b>				
a) Current Assets	8	28,617,923.17		20,131,286.30
b) Loans and Advances	9	3,761,428.00		2,797,610.50
		<b>32,379,351.17</b>		<b>22,928,896.80</b>
Less : Current Liabilities & Provisions	10		6,354,137.25	25,198,934.17
<b>TOTAL</b>			<b>26,025,213.92</b>	<b>(2,270,037.37)</b>
<b>TOTAL</b>			<b>75,401,830.94</b>	<b>67,857,046.00</b>
<b>Notes to Accounts</b>	17			

AS PER OUR REPORT OF EVEN DATE  
FOR JAGANNATH JOSHI & CO.  
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

MR.NAVPREET SINGH  
Managing Director

J.J.JOSHI  
Proprietor

MR.BIPIN R. SHAH  
Director & Audit Committee Chairman

Place: MUMBAI  
Date : 15.06.2007



# PROCYON OFFSHORE SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

PARTICULARS	SCH. REF.	FOR		FOR
		Rs. Ps.	2006-2007 Rs. Ps.	2005-2006 Rs. Ps.
<b>INCOME :</b>				
Charter Hire Income / Shipping Fees	11		106,464,163.00	95,228,740.00
Vessel Management Fee			-	9,783,539.00
Other Income	12		639,680.68	2,508,816.21
			<b>107,103,843.68</b>	<b>107,521,095.21</b>
<b>EXPENDITURE :</b>				
Payments to and Provisions for employees	13		3,519,511.00	4,954,040.00
Ships' Operating Expenses	14		59,105,489.21	50,154,328.45
Vessel Management Expenses			-	5,284,320.75
Establishment and Other Expenses	15		5,680,815.12	5,366,264.20
Interest Expense	16		2,964,175.00	4,901,409.03
			<b>71,269,990.33</b>	<b>70,660,362.43</b>
Profit before Depreciation and Taxation			<b>35,833,853.35</b>	36,860,732.78
Less : Depreciation	6, 17(1)(b)		<b>11,356,416.41</b>	13,822,525.00
Net profit before Taxation			<b>24,477,436.94</b>	23,038,207.78
Less : Provision for Taxation				
Current		1,207,700.00	-	419,100.00
Deferred		(24,474.00)		(6,441.18)
FBT		84,500.00	1,267,726.00	136,000.00
			<b>23,209,710.94</b>	22,489,548.96
Less : Taxation adjustment for earlier years			<b>161,419.00</b>	1,792.00
Balance			<b>23,048,291.94</b>	22,487,756.96
Less : Transfer to Tonnage Tax Reserve			<b>161,419.00</b>	3,488,700.00
			<b>19,873,759.94</b>	18,999,056.96
Add : Balance Brought Forward			<b>10,635,751.82</b>	20,905,970.86
			<b>30,509,511.76</b>	39,905,027.82
<b>Less : Appropriations</b>				
Transfer to General Reserve		1,987,376.00		1,899,910.00
Dividend on Equity Shares				24,000,000.00
Dividend Tax			<b>1,987,376.00</b>	3,369,366.00
Balance carried to Balance Sheet			<b>28,522,135.76</b>	10,635,751.82
Earning Per Share	17(12)		<b>960.35</b>	936.99
<b>Notes to Accounts</b>	17			

AS PER OUR REPORT OF EVEN DATE

FOR JAGANNATH JOSHI & CO.  
CHARTERED ACCOUNTANTS

J.J.JOSHI  
Proprietor

Place: MUMBAI  
Date : 15.06.2007

FOR AND ON BEHALF OF THE BOARD

MR.NAVPREET SINGH  
Managing Director

MR.BIPIN R. SHAH  
Director & Audit Committee Chairman

# PROCYON OFFSHORE SERVICES LIMITED

## SCHEDULES TO BALANCE SHEET

	AS AT 31.03.2007 Rs. Ps.	AS AT 31.03.2006 Rs. Ps.
<b>SCHEDULE 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
1,000,000 Equity Shares of Rs. 100/- each, (Previous year 30,000 Equity Shares of Rs. 100/- each)	<b>100,000,000.00</b>	<b>3,000,000.00</b>
<b>Issued, Subscribed &amp; Fully paid up :</b>		
24,000 Equity Shares of Rs. 100/- each fully paid up	<b>2,400,000.00</b>	<b>2,400,000.00</b>
	<b>2,400,000.00</b>	<b>2,400,000.00</b>
<b>SCHEDULE 2</b>		
<b>Reserves and Surplus</b>		
a) General Reserve	<b>10,002,103.38</b>	6,662,323.60
Add : Transferred from P/L A/c.	<b>1,987,376.00</b>	<b>1,899,910.00</b>
	<b>11,989,479.38</b>	<b>8,562,233.60</b>
Add : Trf.of Deferred Tax liability	-	1,439,869.78
	<b>11,989,479.38</b>	<b>10,002,103.38</b>
b) Tonnage Tax Reserve	<b>7,478,600.00</b>	7,478,600.00
Add : Transferred from P/L A/c.	<b>3,174,532.00</b>	-
	<b>10,653,132.00</b>	<b>7,478,600.00</b>
c) Profit and Loss Account	<b>28,522,135.76</b>	<b>10,635,751.82</b>
	<b>51,164,747.14</b>	<b>28,116,455.20</b>
<b>SCHEDULE 3</b>		
<b>Secured Loans</b>		
From Bombay Mercantile Co-op Bank Ltd. (Secured against Hypothecation of KAMRUP, by Personal Guarantee of two Directors of the Company and mortgage of Office Premises)	<b>21,100,000.00</b>	<b>26,500,000.00</b>
From ICICI BANK - MOTOR CAR LOAN FOR SCORPIO	<b>619,967.00</b>	-
	<b>21,719,967.00</b>	<b>26,500,000.00</b>
<b>SCHEDULE 4</b>		
<b>Unsecured Loans</b>		
a) From Directors	-	10,524,000.00
b) Other Loans	-	175,000.00
	-	<b>10,699,000.00</b>
<b>SCHEDULE 5</b>		
<b>Deferred Tax (Net)</b>		
Difference between Book & Tax Depreciation	<b>303,113.89</b>	<b>375,823.89</b>
Deferred Tax Liability / (Asset)	<b>117,116.80</b>	<b>141,590.80</b>

# PROCYON OFFSHORE SERVICES LIMITED

## SCHEDULE 6

	Premises	Office Equipments	Furniture & Fixtures	Motor Car	Computer	Vessels	Total
<b>Cost</b>							
Beginning of the Year	5,602,299.74	547,802.95	712,016.87	835,882.00	467,363.00	103,657,612.96	111,822,977.52
Additions in the year	-	6,656.00	102,929.00	826,890.00	585,319.00	815,937.00	2,337,731.00
Deletion in the year	-	-	-	-	(405,493.00)	-	(405,493.00)
End of year	5,602,299.74	554,458.95	814,945.87	1,662,772.00	647,189.00	104,473,549.96	113,755,215.52
<b>Depreciation</b>							
Beginning of the Year	2,521,522.72	301,502.61	570,211.50	264,744.00	400,619.95	49,544,225.84	53,602,826.62
For the year	154,039.00	35,247.41	28,700.00	220,597.00	62,255.00	10,855,578.00	11,356,416.41
Retirements	-	-	-	-	(380,104.53)	-	(380,104.53)
End of year	2,675,561.72	336,750.02	598,911.50	485,341.00	82,770.42	60,399,803.84	64,579,138.50
<b>Net Block</b>							
Current Year	<b>2,926,738.02</b>	<b>217,708.93</b>	<b>216,034.37</b>	<b>1,177,431.00</b>	<b>564,418.58</b>	<b>44,073,746.12</b>	<b>49,176,077.02</b>
Previous Year	3,080,777.02	246,300.34	141,805.37	571,138.00	66,743.05	54,113,387.12	58,220,150.90

## SCHEDULE 7

### Investments

- Quoted Investments
- Unquoted Investments (6668 Shares of Bombay Mercantile Co-op Bank Ltd @ 30 per share & Rizvi Palace Co-op Housing Society Ltd 11 shares @ Rs. 50)

	AS AT 31.03.2007 Rs. Ps.	AS AT 31.03.2006 Rs. Ps.
a) Quoted Investments	-	11,706,392.47
b) Unquoted Investments (6668 Shares of Bombay Mercantile Co-op Bank Ltd @ 30 per share & Rizvi Palace Co-op Housing Society Ltd 11 shares @ Rs. 50)	200,540.00	200,540.00
	<b>200,540.00</b>	<b>11,906,932.47</b>

# PROCYON OFFSHORE SERVICES LIMITED

	AS AT 31.03.2007 Rs. Ps.	AS AT 31.03.2006 Rs. Ps.
<b>SCHEDULE 8</b>		
<b>Current Assets</b>		
a) Stock of Gas Oil	2,604,422.00	1,168,336.00
b) Sundry Debtors (Less than 6 months)	15,093,183.00	11,960,162.00
c) <u>Cash &amp; Bank Balance</u>		
i) Cash on Hand	8,612.64	108,376.64
ii) Balance with Banks in :-		
Current Accounts	8,638,807.53	4,646,183.66
Fixed Deposit with Banks	2,173,649.00	2,248,228.00
d) Advance to Creditors	99,249.00	-
	<b>28,617,923.17</b>	<b>20,131,286.30</b>
<b>SCHEDULE 9</b>		
<b>Loans and Advances (Unsecured, considered good)</b>		
a) Tax Payments & T.D.S.	2,858,280.00	1,576,613.00
b) Prepaid Expenses	344,014.00	845,888.00
c) Other Advances	258,840.00	26,463.50
d) Deposits	71,695.00	148,646.00
e) Refund Amt Receiveable From IOC Ltd	228,599.00	-
f) Advance towards capital Expenditure	-	200,000.00
	<b>3,761,428.00</b>	<b>2,797,610.50</b>
<b>SCHEDULE 10</b>		
<b>Current Liabilities &amp; Provisions</b>		
a) Sundry Creditors	3,610,809.25	3,720,166.97
b) Other Liabilities	700,000.00	543,447.20
c) Provision for Taxation	1,626,800.00	-
d) Statutory payments	416,528.00	310,820.00
e) Deposits	-	100,000.00
f) Proposed Dividend	-	18,000,000.00
g) Dividend Tax Payable	-	2,524,500.00
	<b>6,354,137.25</b>	<b>25,198,934.17</b>



# PROCYON OFFSHORE SERVICES LIMITED

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

	FOR 2006-2007 Rs. Ps.	FOR 2005-2006 Rs. Ps.
<b>SCHEDULE 11</b>		
<b>Charter Hire Income / Shipping Fees</b>		
a) SCH - 3	8,763,750.00	9,181,400.00
b) DCI TUG IV	14,498,424.00	5,231,460.00
c) POINEER STAR	7,762,500.00	8,212,500.00
d) EVER POWER	13,813,950.00	5,454,000.00
e) MARINA VENUS	8,942,500.00	8,942,500.00
f) TIME SKIPPER	9,025,521.00	7,882,500.00
g) MARINA MERCURY	4,808,582.00	6,779,998.00
h) KAMRUP	25,675,717.00	27,858,503.00
i) PAMBA	-	796,950.00
j) Bunker Consumption recovery	13,173,219.00	14,888,929.00
	<b>106,464,163.00</b>	<b>95,228,740.00</b>
<b>SCHEDULE 12</b>		
<b>Other Income</b>		
a) Dividend	156,846.75	123,465.85
b) Miscellaneous Income	101.00	270,000.00
c) Sundry Credit Balance written back	103,136.00	1,573,230.00
d) Interest received	69,757.00	128,014.00
e) Profit on sale of Investment	149,839.93	30,106.36
f) Lease Rentals	160,000.00	384,000.00
	<b>639,680.68</b>	<b>2,508,816.21</b>
<b>SCHEDULE 13</b>		
<b>Payments to and Provisions for Employees</b>		
a) Directors' Remuneration	1,350,000.00	3,520,000.00
b) Directors' Sitting Expenses	30,500.00	-
c) Staff Salary	2,054,572.00	1,342,948.00
d) Staff Welfare	84,439.00	91,092.00
	<b>3,519,511.00</b>	<b>4,954,040.00</b>

# PROCYON OFFSHORE SERVICES LIMITED

## SCHEDULE 14

### Ships' Operating Expenses

	FOR 2006-2007 Rs. Ps.	FOR 2005-2006 Rs. Ps.
a) Charter Hire Expenses	80,000.00	849,375.00
b) Crew Wages	6,917,524.00	7,495,200.00
c) Professional Charges - Crew	6,997,189.00	3,632,929.00
d) Consumption of Fuel Oil	18,310,505.00	15,392,585.00
e) Repairs & Maintenance	16,857,164.25	13,807,951.20
f) Agency and Port Charges	1,817,182.00	1,806,532.00
g) Crew Joining & Repatriation Expenses	349,134.90	261,472.25
h) Insurance Expenses	2,012,565.00	1,888,614.00
i) Victualling Expenses	4,167,772.00	3,766,907.00
j) Miscellaneous Expenses	174,671.06	951,863.00
k) DGS training fee	1,421,782.00	300,900.00
	<b><u>59,105,489.21</u></b>	<b><u>50,154,328.45</u></b>

## SCHEDULE 15

### Establishment and Other Expenses

a) Rent, Rates & Taxes	66,951.00	64,079.00
b) Other General & Administrative expenses	1,066,788.68	1,976,014.74
c) Travel & Conveyance	138,550.50	975,250.46
d) Vehicle Expenses	294,793.00	463,148.00
e) Promotional Expense	-	14,400.00
f) Legal & Professional Fees	3,455,116.00	1,501,639.00
g) Bad Debts, net	-	305,000.00
h) Repairs & Maintenance	79,901.00	10,613.00
i) Loss on Sale of Asset	16,388.47	-
j) Audit Fees	60,000.00	56,120.00
k) Loss on Sale of Investment	502,326.47	-
	<b><u>5,680,815.12</u></b>	<b><u>5,366,264.20</u></b>

## SCHEDULE 16

### Interest Expenses

Interest on Borrowings from financial institutions	2,717,061.00	3,613,846.40
Interest to Directors	247,114.00	1,287,562.63
	<b><u>2,964,175.00</u></b>	<b><u>4,901,409.03</u></b>

# PROCYON OFFSHORE SERVICES LIMITED

## SCHEDULE 17

### Notes to Accounts

#### 1) **Significant Accounting Policies -**

##### a) **Basis of preparation of Financial Statements**

The accounts are prepared on historical cost and accrual basis.

##### b) **Fixed Assets & Depreciation**

i) Fixed assets are stated at Original Cost less accumulated depreciation.

ii) Depreciation has been provided on the assets on a Pro-rata basis at written down value rates as stated in Schedule XIV of the Companies Act, 1956.

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 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.

##### c) **Foreign Currency Transactions**

Foreign current transactions are recorded in the books of accounts 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 and are recognised as foreign exchange gains or losses.

##### d) **Investments**

Investments are stated at Purchase cost.

##### e) **Inventories**

Inventories are valued at cost.

##### f) **Retirement Benefits**

Liabilities in respect of retirement benefits, except leave encashment and gratuity, are based on contributions made to respective funds / insurance scheme as notified by them. Provision for leave encashment and gratuity benefits is accounted for on the basis of actuarial valuation.

##### g) **Contingent Liabilities**

Contingent liabilities are disclosed by way of notes to accounts and provisions are made for all known losses and liabilities.

2) Stock of Gas Oil has been valued at cost as certified by the Management.

3) Provision for Taxation for the current year has been made as per the provisions of The Income Tax Act, 1961.

4) Additional information pursuant to Schedule VI - part II to the Companies Act, 1956, has not been given as those provisions are not applicable to the Company.

5) In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

#### 6) **Payment in Foreign Currency**

Ship Operating Expenses

Professional Fees

Travelling Exp.

For 2006-07 Rupees	For 2005-06 Rupees
17,369	6,893,936
-	107,800
19,290	44,707
<b>36,659</b>	<b>7,046,443</b>
<b>1,350,000</b>	2,700,000

7) Directors' Remuneration

# PROCYON OFFSHORE SERVICES LIMITED

## 8) Deferred Tax

AS 22 - Accounting for Taxes on income requires the DTA to be recognised only if there is virtual certainty supported by convincing evidence of future taxable income. 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 a non-qualifying asset under the tonnage tax scheme of presumptive taxation. The effect for deferred tax in respect of other assets has not been given.

### Deferred Tax Assets:

Current year

### Deferred Tax Liabilities:

Carried Forward

Adjustment

### Net Deferred Tax Liability

2006-07 Rupees	2005-06 Rupees
24,474	6,441
141,591	1,587,902
-	(1,439,870)
117,117	141,591

## 9) Contingent Liability

The bankers of the Company has issued bank guarantee to the extent of Rs. 15,00,000/- (2005-06 Rs. 15,00,000/-)

10) The amount of Rs. 5,43,955/- paid to D.G.Shipping for the prior period upto 31.03.2005 and the estimated liability of Rs. 7,00,000/- provided for the account year 06-07, as payable to D.G.Shipping (actual liability not known on the date of the Balance Sheet), towards non / inadequate compliance of Minimum Training Requirements programme as prescribed under Tonnage Tax provisions, has been shown as expenditure under the head DGS Training Fee under Schedule 13 to the Accounts.

11) Company's major Assets are vessels. The Company had carried out the exercise to identify the impairment, of any, of its Fixed Assets as on 31.08.2006 as required under Accounting Standard 28 on Impairment of Assets. Based on this exercise and the independent valuation report obtained, the management was of the opinion that there was no impairment of any of its Fixed Assets as on 31.08.2006. On the date of Balance Sheet the management has reviewed the situation of its Fixed Assets and is of the opinion that there is no impairment of any of its Fixed Assets during the period 31.08.2006 to 31.03.2007.

## 12) Earning per share

Profit After Tax

Number of Equity Shares

Earning per share

Nominal Value of Share (Rs.)

For 2006-07	For 2005-06
23,048,292	22,487,757
24,000	24,000
960.35	936.99
100	100

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

NATURE OF TRANSACTIONS	TRANSACTIONS DURING THE YEAR	OUTSTANDING BALANCE AS AT MARCH 31, 2007	
	2006-07	RECEIVABLE	PAYABLE
<b>Companies under common control, including subsidiaries.</b>			
Subcontract charges	43,072.00		
Unsecured loans given	(200,000.00)	(200,000.00)	
Unsecured loans received	300,000.00		
<b>Key Management Personnel</b>			
Reimbursement	35,332.41		
Unsecured loans received	1,000,000.00		
Interest paid	44,384.00		
<b>Relatives of Key Management Personnel Companies controlled by Relatives of Key Management Personnel</b>			
Unsecured loans received	900,000.00		
Interest paid	21,306.00		



# PROCYON OFFSHORE SERVICES LIMITED

## Material related transactions:

	Subcontract charges	Unsecured loan/Fixed Deposits	Rent Paid	Interest Paid	Reimbursement
<b>Companies under common control, including subsidiaries.</b>					
Dolphin Offshore Enterprises (I) Ltd.	43,072.00	300,000.00			
Dolphin Offshore Enterprises (I) Ltd.		(200,000.00)			
<b>Key Management Personnel</b>					
Mr.Navpreet Singh		1,000,000.00		44,384.00	35,332.41
<b>Relatives of Key Management Personnel</b>					
<b>Companies controlled by Relatives</b>					
Oakland Trading Private Limited		900,000.00		21,306.00	

13) Previous year's figures have been regrouped and recast wherever necessary, for comparative purposes.

**AS PER OUR REPORT OF EVEN DATE**

**FOR JAGANNATH JOSHI & CO.  
CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF THE BOARD**

**MR.NAVPREET SINGH**  
Managing Director

**MR.BIPIN R. SHAH**  
Director & Audit Committee Chairman

**J.J.JOSHI**  
Proprietor

Place: MUMBAI  
Date : 15.06.2007

# PROCYON OFFSHORE SERVICES LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration Number	:	11-57967
State Code Number	:	11
Balance Sheet Date	:	March 31, 2007

### II Capital raised during the year

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

### III Position of mobilisation and deployment of funds

Total Liabilities and Shareholders' Funds	:	81,755,968.19
Total Assets	:	81,755,968.19
Sources of Funds	:	
Paid-up Capital	:	2,400,000.00
Reserves and Surplus	:	51,164,747.14
Secured Loans	:	21,719,967.00
Unsecured Loans	:	Nil
Application of Funds	:	
Net Fixed Assets	:	49,176,077.02
Investments	:	200,540.00
Net Current Assets	:	26,025,213.92
Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	Nil

### IV Performance of the Company

Turnover	:	106,464,163.00
Total Expenditure	:	71,269,990.33
Profit/(Loss) before Tax	:	24,477,436.94
Profit/(Loss) after Tax	:	23,048,291.94
Earnings per share in Rs.	:	960.35
Dividend Rate (%)	:	Nil

### V Generic names of Principal Products/Services of the Company

Item Code No. (Indian Trade Classification)	:	u 51900
Product Description	:	Offshore Services

# DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

(Formerly Known As Marwa Offshore Enterprises (Mauritius) Private Limited)

## COMMENTARY OF THE DIRECTORS

The directors present their annual report, together with the audited financial statements of the Company for the year ended 31<sup>ST</sup> March, 2007.

## CHANGE OF NAME

The Company was incorporated under the name "Marwa Offshore Enterprises (Mauritius) Private Limited". Subsequently, the Company changed its name to "Dolphin Offshore Enterprises (Mauritius) Private Limited" on 20<sup>th</sup> March, 2006.

## PRINCIPAL ACTIVITY

The Company was incorporated on 3<sup>rd</sup> November 2000 as a Category 1 Global Business Licence Company and its principal activities are as follows:

- (i) Shipping activities including rental of vessels to foreign companies on bareboat charter/time charter basis, diving and offshore services, shipping and ship management; and
- (ii) Exploration of oil and gas and related activities and investment activities within the same field.

## RESULTS AND DIVIDENDS

The Company's profit for the year ended 31<sup>st</sup> March 2007 is USD 71,651 (2006 – profit of USD 2,174).

The directors do not recommend the payment of a dividend for the year under review.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and of the profit or loss of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 2001 and International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS

The Auditor, Mr. Raymond Lamusse, has expressed his willingness to continue in office and will be automatically re-appointed at the Annual General Meeting.

By Order of the Board

Multiconsult Limited   
**CORPORATE SECRETARY**

Date: June 21, 2007

## AUDITORS' REPORT TO THE MEMBERS OF DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

I have audited the attached Balance Sheet of Dolphin Offshore Enterprises (Mauritius) Private Limited as at March 31, 2007, and also the annexed Profit and Loss Account of the Company for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on our audit.

1. I conducted my audit in accordance with auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test check 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 presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, I annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, I report that:-
  - (i) I 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 my opinion, proper books of account as required by law have been kept so far as appears from our examination of the books of account of the Company;

- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account of the Company;
- (iv) In my opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) Based on the representations made by the Directors of the Company and taken on record by the Board of Directors and on the information and explanations given to us, I report that none of the directors are, as at 31<sup>st</sup> March, 2007, *prima facie* disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In my opinion and to the best of my information and according to explanations given to us, the accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present 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 the affairs of the company as at March 31, 2007, and
  - (b) in the case of the Profit and Loss Account of the Profit for the year ended on that date.

**Raymond Lamusse**  
*Chartered Accountant*

Place : Port Louis, Mauritius  
Dated : June 21, 2007



# DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

(Formerly Known As Marwa Offshore Enterprises (Mauritius) Private Limited)

## ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2007 OF DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED.

On the basis of such checks as I considered appropriate and in terms of information given to us, I state that:-

- (i) The Company does not have any fixed assets;
- (ii) The Company does not have any inventories;
- (iii) In my opinion and according to the information and explanations given to me, the Company has not granted or taken any loans secured or unsecured from companies, firms and other parties listed in the register maintained under sections 301 of the Companies Act, 1956. The Company has received an interest-free, unsecured loan of Rs.20.71million from its holding company. According to the information and explanations provided to me by the management there are no stipulations as to repayment of the loan;
- (iv) In my opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and for the services rendered. Further on the basis of my examination and according to the information and explanations provided to me, I have neither come across nor have been informed of any instances of major weaknesses in the internal control procedures;
- (v) According to the information and explanations given to me there were no transactions that were required to be entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- or more in respect of each party;
- (vi) In my opinion and in accordance with the information and explanations given to us the Company has not accepted any deposits within

the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder;

- (vii) The Central Government has not prescribed, under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, the maintenance of cost records for the Company;
- (viii) In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to banks. The Company has not obtained any borrowings from any financial institution or by way of debentures;
- (ix) On the basis of review of utilization of funds which is based on an overall examination of the Balance Sheet of the Company and related information as made available to me and as represented to me by the management, funds raised on short term basis have not been used for long term investment;
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

In my opinion and according to the information and explanations given to me, the nature of the Company's business/activities during the year are such that clause (vii), (ix), (x), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of Part 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

**Raymond Lamusse**  
*Chartered Accountant*

Place : Port Louis, Mauritius  
Dated : June 21, 2007

# DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

(Formerly Known As Marwa Offshore Enterprises (Mauritius) Private Limited)

## BALANCE SHEET AS AT MARCH 31, 2007

	Note	2007		2006	
		Rupees	US Dollars	Rupees	US Dollars
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	3	1,168,000	25,000	1,168,000	25,000
Reserves and Surplus	4	2,364,348	54,281	(813,721)	(17,370)
		<u>3,532,348</u>	<u>79,281</u>	<u>354,279</u>	<u>7,630</u>
<b>Loan Funds</b>					
Unsecured Loans	5	208,533,119	4,834,990	-	-
<b>TOTAL</b>		<u>212,065,467</u>	<u>4,914,271</u>	<u>354,279</u>	<u>7,630</u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Asset</b>					
Capital work-in-progress		171,398,275	3,973,992	-	-
<b>Current Assets, Loans and Advances</b>					
Sundry Debtors	6	24,057,224	532,124	1,692,430	38,433
Cash and Bank Balances	7	20,701,408	479,977	316,249	7,089
Loans and Advances	8	126,543	2,934	109,119	2,446
		<u>44,885,175</u>	<u>1,015,035</u>	<u>2,117,798</u>	<u>47,968</u>
<b>Less: Current Liabilities and Provisions</b>	9	<u>3,224,226</u>	<u>74,756</u>	<u>1,799,528</u>	<u>40,338</u>
<b>Net Current Assets</b>		<u>41,660,949</u>	<u>940,279</u>	<u>318,270</u>	<u>7,630</u>
<b>Miscellaneous Expenditure (To the extent not written off or adjusted)</b>					
Foreign Exchange Translation Reserve		(993,757)	-	36,009	-
<b>TOTAL</b>		<u>212,065,467</u>	<u>4,914,271</u>	<u>354,279</u>	<u>7,630</u>

The accompanying notes form an integral part of this Balance Sheet.

As per our report of even date.

**Raymond Lamusse**  
Chartered Accountant

Place : Mauritius  
Dated : June 21, 2007

**For and on behalf of the Board**

**Yuvraj Kumar Juwaheer**  
Director

**Uday Kumar Gujadhur**  
Director

# DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

(Formerly Known As Marwa Offshore Enterprises (Mauritius) Private Limited)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2007

	Note	2007		2006	
		Rupees	US Dollars	Rupees	US Dollars
<b>INCOME</b>					
Income from Operations		25,750,964	569,588	3,025,704	68,710
Interest Income		202,811	4,486	-	-
		<u>25,953,775</u>	<u>574,074</u>	<u>3,025,704</u>	<u>68,710</u>
<b>EXPENDITURE</b>					
Cost of Operations		21,008,093	464,680	2,326,283	52,827
Administrative Expenses	10	982,319	21,728	477,173	10,836
		<u>21,990,412</u>	<u>486,408</u>	<u>2,803,456</u>	<u>63,663</u>
Profit before Taxation		3,963,363	87,666	222,248	5,047
Less: Provision for Taxation		(785,294)	(16,015)	(126,515)	(2,873)
Profit after Taxation		3,178,069	71,651	95,733	2,174
Accumulated Loss Brought Forward		(813,721)	(17,370)	(909,454)	(19,544)
Accumulated Profit/Loss Carried Forward		<u>2,364,348</u>	<u>54,281</u>	<u>(813,721)</u>	<u>(17,370)</u>

The accompanying notes form an integral part of this Statement.

As per our report of even date.

**Raymond Lamusse**  
Chartered Accountant

Place : Mauritius  
Dated : June 21, 2007

For and on behalf of the Board

**Yuvraj Kumar Juwaheer**  
Director

**Uday Kumar Gujadhur**  
Director

# DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

(Formerly Known As Marwa Offshore Enterprises (Mauritius) Private Limited)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

### 1 BACKGROUND

Dolphin Offshore Enterprises (Mauritius) Private Limited ("the Company") was incorporated in Mauritius on November 03, 2000 as a wholly owned subsidiary of Dolphin Offshore Enterprises (India) Limited. The Company has been established to provide services to offshore units engaged primarily in the oil and exploration and production.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Accounting:***

The financial statements have been prepared under the historical cost convention. It is the policy of the Company to prepare its financial statements on the mercantile system of accounting.

#### ***Revenue Recognition:***

Revenue from rendering of services is recognised upon performance of services. Interest income is accounted as it accrues, unless its collectibility is in doubt.

#### ***Reporting Currency and Translation Policies:***

The Company holds a Category 1 Global Business Licence under the Financial Services Development Act, 2001, which requires that the Company's business or other activity to be carried on in a currency other than the Mauritian Rupee. Accordingly, the Company's books of account are maintained in United States Dollars and all transactions are effected in United States Dollars.

#### ***Accounting Standard:***

- While translating the financial statements into Indian Rupees, the provisions as laid out in Accounting Standard 11 (Revised) which has come into effect in respect of accounting periods commencing on or after April 01, 2004, have been followed.
- Revenue items have been translated into the reporting currency of the Company at the average rate. For this purpose, "average rate" is the mean of the exchange rates in force during the accounting period.
- Monetary items have been translated into the reporting currency of the Company using the closing rate of exchange.
- Share capital has been translated at the historic exchange rate prevailing at the date of subscription to equity shares. The resulting difference has been recognised as Foreign Currency Translation Reserve.

#### ***Deferred Taxation:***

Deferred Tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

### 3 SHARE CAPITAL

#### **Authorised**

25,000 Equity Shares of US\$1 each

#### **Issued and Subscribed**

15,000 Equity Shares of US\$1 each

	<b>As at 31.03.2007</b>		<b>As at 31.03.2006</b>	
	<b><u>Rupees</u></b>	<b><u>US Dollars</u></b>	<b><u>Rupees</u></b>	<b><u>US Dollars</u></b>
	<b><u>1,208,000</u></b>	<b><u>25,000</u></b>	<b><u>1,208,000</u></b>	<b><u>25,000</u></b>
	<b><u>1,168,000</u></b>	<b><u>25,000</u></b>	<b><u>1,168,000</u></b>	<b><u>25,000</u></b>



# DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

(Formerly Known As Marwa Offshore Enterprises (Mauritius) Private Limited)

	As at 31.03.2007		As at 31.03.2006	
	Rupees	US Dollars	Rupees	US Dollars
<b>4 RESERVES AND SURPLUS</b>				
Profit and loss account	<u>2,364,348</u>	<u>54,281</u>	<u>(813,721)</u>	<u>(17,370)</u>
<b>5 UNSECURED LOAN</b>				
Other Loans and advances				
Loan from Holding Company	<u>208,533,119</u>	<u>4,834,990</u>	<u>-</u>	<u>-</u>
<b>6 SUNDRY DEBTORS</b>				
(Unsecured, considered good)				
Outstanding for less than six months	<u>24,057,224</u>	<u>532,124</u>	<u>1,692,430</u>	<u>38,433</u>
Outstanding for more than six months	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>24,057,224</u>	<u>532,124</u>	<u>1,692,430</u>	<u>38,433</u>
Sundry Debtor comprises of amounts due from the holding company				
<b>7 CASH AND BANK BALANCES</b>				
Balances with scheduled bank				
- In current account	<u>20,701,408</u>	<u>479,977</u>	<u>316,249</u>	<u>7,089</u>
	<u>20,701,408</u>	<u>479,977</u>	<u>316,249</u>	<u>7,089</u>
<b>8 LOANS AND ADVANCES</b>				
(Unsecured, considered good)				
Prepaid Expenses	<u>126,543</u>	<u>2,934</u>	<u>109,119</u>	<u>2,446</u>
	<u>126,543</u>	<u>2,934</u>	<u>109,119</u>	<u>2,446</u>
<b>9 CURRENT LIABILITIES AND PROVISIONS</b>				
Sundry Creditors	<u>3,137,966</u>	<u>72,756</u>	<u>1,442,192</u>	<u>32,328</u>
Due to Holding Company	<u>-</u>	<u>-</u>	<u>265,437</u>	<u>5,950</u>
Other Current Liabilities	<u>86,260</u>	<u>2,000</u>	<u>91,899</u>	<u>2,060</u>
	<u>3,224,226</u>	<u>74,756</u>	<u>1,799,528</u>	<u>40,338</u>
<b>10 ADMINISTRATIVE EXPENSES</b>				
Licence Fees	<u>67,815</u>	<u>1,500</u>	<u>66,054</u>	<u>1,500</u>
Secretarial Fees	<u>10,398</u>	<u>230</u>	<u>10,128</u>	<u>230</u>
Professional Fees	<u>49,143</u>	<u>1,087</u>	<u>44,036</u>	<u>1,000</u>
Nominee Shareholders' Fees	<u>652,784</u>	<u>14,439</u>	<u>277,426</u>	<u>6,300</u>
Accountancy Fees	<u>36,168</u>	<u>800</u>	<u>35,229</u>	<u>800</u>
Auditor's Remuneration	<u>54,252</u>	<u>1,200</u>	<u>36,550</u>	<u>830</u>
Bank Charges	<u>111,759</u>	<u>2,472</u>	<u>7,750</u>	<u>176</u>
	<u>982,319</u>	<u>21,728</u>	<u>477,173</u>	<u>10,836</u>

# DOLPHIN OFFSHORE ENTERPRISES (MAURITIUS) PRIVATE LIMITED

(Formerly Known As Marwa Offshore Enterprises (Mauritius) Private Limited)

## 11 RELATED PARTY TRANSACTION

The Company had the following transactions and balances with related parties for the year ended March 31<sup>st</sup> 2007.

Name of the related party	Balance due as at 31.03.2007		Balance due as at 31.03.2006	
	Rupees	US Dollars	Rupees	US Dollars
Dolphin Offshore Enterprises (India) Ltd				
<b>Type of transaction</b>				
Loan from Holding Company	208,533,119	4,834,990	-	-
Due to Holding Company	-	-	265,437	5,950
Income from provision of personnel	25,750,964	569,588	-	68,710
Receivables	24,057,224	532,124	1,692,430	38,433
<b>Relation</b>				
Holding company				

## 12 CAPITAL COMMITMENTS

- i) On 3<sup>rd</sup> November 2004, the Board of the Company gave its approval for the Company to participate in the setting up of a joint venture entity (the "JV") in Saudi Arabia. The Company will hold 90% of the JV and Mr. Mohammed Saad Al-Ghowainim will hold the remaining 10%. The JV will provide offshore services relating to offshore construction activities and inspection, maintenance and repair services of offshore facilities to Saudi Aramco and/or its contractors.

The Board also gave its approval for the Company to invest Riyals 2 million in the JV. It is intended that the Riyals 2 million investment in the JV will be funded by an equivalent loan. This financing arrangement has not yet been finalised.

- ii) On 17<sup>th</sup> March 2006, the Board approved the acquisition of three vessels (two workboats and one construction barge). It is expected that the cost of these vessels will approximate be USD 30 million. USD 20 million of the funding will be done by way of loan from the Singapore subsidiary of ICICI Bank Limited (an Indian bank). Dolphin Offshore Enterprises (India) Limited and its promoters will provide guarantee to the loan sanctioned by ICICI Bank to the Company. The USD 10 million balance will be funded by way of an interest free loan from Dolphin Offshore Enterprises (India) Limited.

To date Dolphin Offshore Enterprises (India) Limited has given a loan of US\$ 7,334,990 (US\$ 4,834,990 as at March 31, 2007) to the Company. In addition ICICI Bank Singapore has issued letter of credit amounting to US\$ 9.30 Million which on encashment will be converted as Loan. The two work boats are expected to be delivered by December 2007 and the construction barge by September 2008.

## 13 SUPPLEMENTARY STATEMENT OF PROFIT AND LOSS DATA

- (a) Auditor's Remuneration comprises of:-

Audit Fees	31,647	700	30,825	700
Reimbursement of out-of-pocket expenses	22,605	500	5,725	130
	<u>54,252</u>	<u>1,200</u>	<u>36,550</u>	<u>830</u>

- (b) Other information required to be given under Part II of Schedule VI of the Companies Act, 1956, to the extent not applicable, has not been given.

- 14 During the year the name of the Company has been changed from Marwa Offshore Enterprises (Mauritius) Private Limited to Dolphin Offshore Enterprises (Mauritius) Private Limited.

### Previous Year's Figures:

The previous year's figures are the same as considered by the holding company while preparing consolidated accounts of the previous year.

# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## DIRECTORS' REPORT TO SHAREHOLDERS

### TO THE MEMBERS OF GLOBAL DOLPHIN DRILLING COMPANY LIMITED

The Directors have pleasure in presenting the Eighteenth Annual Report together with the audited accounts of the Company for the year ended March 31, 2007.

#### 1. Operations of the Company and Future Outlook

The Company has so far not been able to get any order from Oil and Natural Gas Corporation Limited.

Since October 1, 1992, the Company has been appointed as Agent for Global Marine Drilling Company for a period of one year on compensation of US \$625/- per month at a time. This arrangement has been terminated w.e.f. December 31, 2000.

#### 2. Financial Matters

The financial position of the Company as at March 31, 2007, was as follows:

	2006-07	2005-06
Profit / (loss) before tax	59,502	65,345
Provision for tax	(21,000)	(21,000)
Provision for taxation of earlier year	-	-
Net Profit / (Loss) for the year	38,502	44,345
Accumulated profit / loss, b/f	1,101,300	1,056,955
Accumulated profit c/f	1,139,802	1,101,300

#### 3. Dividend

Due to inadequate profits, your Directors are unable to declare any dividend.

#### 4. Appointment of Auditors

M/s. P. R. Dubash & Company, Chartered Accountants, Mumbai, hold office until the conclusion of the Eighteenth Annual General Meeting. They have furnished the company with a certificate to the effect that the proposed appointment, if made at the forthcoming general meeting will be within the limits laid down in Section 224(1B) of the Companies Act, 1956. You are requested to appoint them.

#### 5. Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors had selected such accounting policies and applied them consistently over the years and made judgements and estimates that are reasonable and prudent so as to give a true and fair review of the state of affairs of the Company as on 31<sup>st</sup> March, 2007 and of the profit or loss of the Company for the year ended 31<sup>st</sup> March, 2007;
- (iii) 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.

#### 6. Particulars of employees

The Company has no employees and hence no disclosures are required to be made under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

#### 7. Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988

Particulars under Companies (Disclosure of particulars in the report of 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.

For and on behalf of the Board of Directors of  
**GLOBAL DOLPHIN DRILLING COMPANY LTD.**

**Rear Admiral Kirpal Singh  
Chairman & Managing Director**

Place : Mumbai  
Dated : 6<sup>th</sup> June, 2007

# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## AUDITORS' REPORT TO THE MEMBERS OF GLOBAL DOLPHIN DRILLING COMPANY LIMITED.

We have audited the attached Balance Sheet of **Global Dolphin Drilling Company Limited** as at March 31, 2007, and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on the 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test check 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 so far as appears from our examination of the books of account of the Company;

- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account of the Company;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) Based on the representations made by the Directors of the Company and taken on record by the Board of Directors and on the information and explanations given to us, we report that none of the directors are, as at 31<sup>st</sup> March, 2007, *prima facie* disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to explanations given to us, the accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present 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 the affairs of the company as at March 31, 2007,
  - (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 the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**P.R.DUBASH & CO.**  
Chartered Accountants

**P.R.DUBASH**  
(Proprietor)

Place : Mumbai

Dated: 6<sup>th</sup> June, 2007.



# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007 OF GLOBAL DOLPHIN DRILLING COMPANY LIMITED.

On the basis of such checks as we considered appropriate and in terms of information given to us, we state that:-

- (i) The Company does not have any fixed assets;
- (ii) The Company does not have any inventories;
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted or taken any loans secured or unsecured from companies, firms and other parties listed in the register maintained under sections 301 of the Companies Act, 1956;
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sale of goods;
- (v) According to the information and explanations given to us there were no transactions that were required to be entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- or more in respect of each party;
- (vi) In our opinion and in accordance with the information and explanations given to us the Company has not accepted any deposits within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder;
- (vii) The Company is not statutorily required to have an internal audit system;
- (viii) The Central Government has not prescribed, under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, the maintenance of cost records for the Company;
- (ix) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company does not have any employees and is hence not required to make contributions towards Provident Fund and Employees State Insurance. The Company has been regular in depositing undisputed statutory dues, Investor Education and Protection Fund, Sales-tax, Income-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year;
  - (b) there were no dues of sales-tax, income-tax, customs duty, excise duty, wealth-tax or cess which have not been deposited on account of any dispute;
- (x) The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the current financial year 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 banks. The Company has not obtained any borrowings from any financial institution or by way of debentures;
- (xii) The Company has not taken any loan from a bank or financial institution;
- (xiii) According to the records examined by us and the information and explanations given to us, funds raised on short term basis, *prima facie*, have not been used during the year for long term investment (fixed asset, etc.) and vice versa;
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year;
- (xv) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clause (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of Part 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

For and on behalf of  
**P.R.DUBASH & CO.**  
Chartered Accountants  
**P.R.DUBASH**  
(Proprietor)

Place : Mumbai  
Dated: 6<sup>th</sup> June, 2007.

# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## BALANCE SHEET AS AT MARCH 31, 2007

(Amounts in Indian Rupees)

	<u>Note</u>	<u>2007</u>	<u>2006</u>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	500,000	500,000
Reserves and Surplus			
Profit and Loss Account		1,139,802	1,101,300
<b>TOTAL</b>		<u>1,639,802</u>	<u>1,601,300</u>
<b>APPLICATION OF FUNDS</b>			
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	4	45,500	45,500
Cash and Bank Balances	5	1,374,763	1,409,574
Loans and Advances	6	230,404	157,083
		<u>1,650,667</u>	<u>1,612,157</u>
<b>Less: Current Liabilities and Provisions</b>	7	<u>10,865</u>	<u>10,857</u>
<b>Net Current Assets</b>		<u>1,639,802</u>	<u>1,601,300</u>
<b>TOTAL</b>		<u>1,639,802</u>	<u>1,601,300</u>

The accompanying notes form an integral part of this Balance Sheet.

As per our report of even date.  
**For P. R. DUBASH & CO.**  
 Chartered Accountants

**For and on behalf of the Board**  
**Rear Adm. Kirpal Singh (Retd.)**  
 Managing Director

**P.R.DUBASH**  
 (Proprietor)

**Satpal Singh**  
 Director

Place: Mumbai  
 Dated: June 06, 2007.

# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2007

	Note	(Amounts in Indian Rupees)	2006-07	2005-06
<b>INCOME</b>				
Interest Income			74,926	85,252
(Income-tax deducted at source:Rs.14,279 Previous Year - Rs.18,654)				
Miscellaneous Income			-	-
			<u>74,926</u>	<u>85,252</u>
<b>EXPENDITURE</b>				
Legal and Professional Fees			500	7,500
Auditors' Remuneration			11,232	10,857
Registration and Filing Fees			3,000	1,000
Bank Charges			692	550
Bank Interest			-	-
Profession Tax			-	-
			<u>15,424</u>	<u>19,907</u>
Profit before Taxation			59,502	65,345
Less: Provision for Taxation			(21,000)	(21,000)
Less: Provision for Taxation of Earlier Year			-	-
Profit after Taxation			38,502	44,345
Accumulated Profit Brought Forward			1,101,300	1,056,955
Accumulated Profit Carried Forward			<u>1,139,802</u>	<u>1,101,300</u>
Earnings per share (Basic)			0.77	0.89
Earnings per share (Diluted)			0.77	0.89

The accompanying notes form an integral part of this Statement.

As per our report of even date.

**For P. R. DUBASH & CO.**

Chartered Accountants

**For and on behalf of the Board**

**Rear Adm. Kirpal Singh (Retd.)  
Managing Director**

**P. R. DUBASH**  
(Proprietor)

**Satpal Singh**  
Director

Place: Mumbai

Dated: June 06, 2007.

# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007

(Amounts in Indian Rupees)

### 1 BACKGROUND

Global Dolphin Drilling Company Limited ("the Company") was incorporated in India on November 23, 1989 as a joint venture between Global Marine Drilling Services Inc., a company incorporated in the State of California, USA and Dolphin Offshore Enterprises (India) Limited, a company incorporated in India. The Company has been established to provide mobile offshore drilling units to be used for oil and gas exploration and production.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention. The Company recognises agency fees for assistance in obtaining contracts for the Company's principal, Global Marine Drilling Company, as and when due, based on the terms of the contract. It is the policy of the Company to prepare its financial statements on the mercantile system of accounting.

### 3 SHARE CAPITAL

#### **Authorised**

1,000,000 Equity Shares of Rs.10 each

#### **Issued and Subscribed**

50,000 Equity Shares of Rs.10 each fully paid

### 4 SUNDRY DEBTORS

(Unsecured, considered good)

Outstanding for less than six months

Outstanding for more than six months

### 5 CASH AND BANK BALANCES

Cash in hand

Balances with scheduled bank

- In current account

- In fixed deposit account

### 6 LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind

or for value to be received

Income-tax Paid (Net of Provisions)

Interest accrued but not due

### 7 CURRENT LIABILITIES AND PROVISIONS

Accrued Expenses

Provision for Income-tax (Net of Payments)

Other Current Liabilities

	As at 31.03.2007 Rs.	As at 31.03.2006 Rs.
	<u>10,000,000</u>	<u>10,000,000</u>
	<u>500,000</u>	<u>500,000</u>
	-	-
	<u>45,500</u>	<u>45,500</u>
	<u>45,500</u>	<u>45,500</u>
	7,936	936
	23,206	67,727
	<u>1,343,621</u>	<u>1,340,911</u>
	<u>1,374,763</u>	<u>1,409,574</u>
	181,000	-
	47,747	34,421
	1,657	122,662
	<u>230,404</u>	<u>157,083</u>
	10,865	10,857
	-	-
	-	-
	<u>10,865</u>	<u>10,857</u>



# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## 8 SUPPLEMENTARY STATEMENT OF PROFIT AND LOSS DATA

(a) Auditors Remuneration comprises of:-

Audit Fees

Fees for Income-tax matters

**For  
2006-07  
Rs.**

For  
2005-06  
Rs.

**7,865**

7,857

**3,367**

3,000

**11,232**

**10,857**

(b) An amount of Rs.45,500.00 due from Global Marine International Drilling Corporation has remained unrealised since the last five years. No provision has been made in respect of this amount which in the opinion of the management is recoverable in full.

(c) Interest received on deposits with the bank includes a sum of Rs.14,340.00 (Previous Year: Nil) in respect of earlier years.

(d) Earnings Per Share:

Net Profit/(Loss) for the year after taxation

Weighted Average Number of Equity Shares

Earning per share (Basic)

Earning per share (Diluted)

**2006-07  
Rs.**

2005-06  
Rs.

**38,502**

44,345

**50,000**

50,000

**0.77**

0.89

**0.77**

0.89

(e) Other information required to be given under Part II of Schedule VI of the Companies Act,1956, to the extent not applicable, has not been given.

# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

(Amounts in Indian Rupees)

	<u>2007</u>	<u>2006</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX	59,502	65,345
Adjusted for:		
Depreciation	-	-
Interest	(74,926)	(85,252)
Miscellaneous Expenditure	-	-
Operating Profit/(Loss) before working capital changes	<u>(15,424)</u>	<u>(19,907)</u>
Adjustments for		
Trade and Other Receivables	(59,995)	(33,306)
Trade and Other Payables	8	143
Provisions	-	-
CASH GENERATED FROM OPERATIONS	<u>(75,411)</u>	<u>(53,070)</u>
Direct Taxes Paid	(34,326)	(18,654)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>(109,737)</u>	<u>(71,724)</u>
<b>CASH FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Interest Received	74,926	85,252
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<u>74,926</u>	<u>85,252</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowing (Net)	-	-
Proceeds from Short Term Borrowing (Net)	-	-
Dividend Paid	-	-
Interest Paid	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(34,811)</u>	<u>13,528</u>
<b>CASH AND CASH EQUIVALENTS AS ON 01.04.2006</b>	<u>1,409,574</u>	<u>1,396,046</u>
<b>CASH AND CASH EQUIVALENTS AS ON 31.03.2007</b>	<u>1,374,763</u>	<u>1,409,574</u>

As per our report of even date.

**For P. R. DUBASH & CO.**  
Chartered Accountants

**P.R.DUBASH**  
(Proprietor)

Place: Mumbai  
Dated: June 06, 2007.

For and on behalf of the Board

**Rear Adm. Kirpal Singh (Retd.)**  
Managing Director

**Satpal Singh**  
Director

# GLOBAL DOLPHIN DRILLING COMPANY LTD.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration Number	:	11-54377
State Code Number	:	11
Balance Sheet Date	:	March 31, 2007

### II Capital raised during the year

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

### III Position of mobilisation and deployment of funds

Total Liabilities and Shareholders' Funds	:	1,650,667
Total Assets	:	1,650,667
Sources of Funds	:	
Paid-up Capital	:	500,000
Reserves and Surplus	:	1,139,802
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Application of Funds	:	
Net Fixed Assets	:	Nil
Investments	:	Nil
Net Current Assets	:	1,639,802
Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	Nil

### IV Performance of the Company

Turnover	:	74,926
Total Expenditure	:	15,424
Profit/(Loss) before Tax	:	59,502
Profit/(Loss) after Tax	:	38,502
Earnings per share in Rs.	:	0.77
Dividend Rate (%)	:	Nil

### V Generic names of Principal Products/Services of the Company

Item Code No. (Indian Trade Classification)	:	Not Applicable
Product Description	:	Not Applicable

# DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

## DIRECTORS' REPORT TO SHAREHOLDERS

TO  
THE MEMBERS OF  
DOLPHIN INTERNATIONAL RISK SERVICES LTD.

The Directors have pleasure in presenting the First Annual Report together with the audited accounts of the Company for the period ended February 28, 2007.

### 1. OPERATIONS OF THE COMPANY AND FUTURE OUTLOOK

The Company was incorporated on December 30, 2005 and so far has not been able to carry out any business.

### 2. FINANCIAL MATTERS

The financial position of the Company at February 28, 2007, was as follows:

	2006-07
Profit / (loss) before tax	(19,536)
Provision for tax	—
Net Profit / (Loss) for the year	(19,536)
Accumulated profit / (loss), b/f	(19,536)

### 3. DIVIDEND

Due to losses, your Directors are unable to declare any dividend.

### 4. DIRECTORS

Mr. Satpal Singh and Mr. Navpreet Singh are due to retire by rotation and being eligible, offers themselves for re-appointment.

### 5. APPOINTMENT OF AUDITORS

M/s. P. R. Dubash & Company, Chartered Accountants, Mumbai, hold office until the conclusion of the First Annual General Meeting. They have furnished the company with a certificate to the effect that the proposed appointment, if made at the forthcoming general meeting will be within the limits laid down in Section 224(1B) of the Companies Act, 1956. You are requested to appoint them.

### 6. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors had selected such accounting policies and applied them consistently over the years and made judgements and estimates that are reasonable and prudent so as to give a true and fair review of the state of affairs of the Company as on 28<sup>th</sup> February, 2007 and of the profit or loss of the Company for the period ended 28<sup>th</sup> February, 2007;
- (iii) 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.

### 7. PARTICULARS OF EMPLOYEES:

The Company has no employees and hence no disclosures are required to be made under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

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

Particulars under Companies (Disclosure of particulars in the report of 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.

For and on behalf of the Board of Directors of

**DOLPHIN INTERNATIONAL RISK SERVICES LTD.**

**Mr. Satpal Singh**  
Chairman

Place : Mumbai  
Dated: April 09, 2007



# DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

## AUDITORS' REPORT TO THE MEMBERS OF DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

We have audited the attached Balance Sheet of **Dolphin International Risk Services Limited** as at 28<sup>th</sup> February, 2007, and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the period ended on the 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test check 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 so far as appears from our examination of the books of account of the Company;
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account of the Company;

- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) Based on the representations made by the Directors of the Company and taken on record by the Board of Directors and on the information and explanations given to us, we report that none of the directors are, as at 28<sup>th</sup> February, 2007, *prima facie* disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to explanations given to us, the accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present 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 the affairs of the company as at 28<sup>th</sup> February, 2007;
  - (b) in the case of the Profit and Loss Account of the Loss for the year ended on that date and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**P.R.DUBASH & CO.**  
Chartered Accountants  
**P.R.DUBASH**  
(Proprietor)

Place : Mumbai  
Dated: April 09, 2007

# DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

## ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 28<sup>TH</sup> February, 2007 OF DOLPHIN INTERNATIONAL RISK SERVICES LIMITED.

On the basis of such checks as we considered appropriate and in terms of information given to us, we state that:-

- (i) The Company does not have any fixed assets;
- (ii) The Company does not have any inventories;
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted or taken any loans secured or unsecured from companies, firms and other parties listed in the register maintained under sections 301 of the Companies Act, 1956;
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sale of goods/provision of services;
- (v) According to the information and explanations given to us there were no transactions that were required to be entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- or more in respect of each party;
- (vi) In our opinion and in accordance with the information and explanations given to us the Company has not accepted any deposits within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder;
- (vii) The Company is not statutorily required to have an internal audit system;
- (viii) The Central Government has not prescribed, under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, the maintenance of cost records for the Company;
- (ix) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company does not have any employees and is hence not required to make contributions towards Provident Fund and Employees State Insurance. The Company has been regular in depositing undisputed statutory dues, Investor Education and Protection Fund, Sales-tax, Income-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year;
  - (b) there were no dues of sales-tax, income-tax, customs duty, excise duty, wealth-tax or cess which have not been deposited on account of any dispute;
  - (x) The Company has neither taken any loan from a bank or financial institution nor has borrowed any moneys on the issue of debentures;
  - (xi) According to the records examined by us and the information and explanations given to us, funds raised on short term basis, *prima facie*, have not been used during the year for long term investment (fixed asset, etc.) and vice versa;
  - (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year;
  - (xiii) In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clause (x), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of Part 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

For and on behalf of

**P.R.DUBASH & CO.**  
Chartered Accountants

**P.R.DUBASH**  
(Proprietor)

Place : Mumbai  
Dated: April 09, 2007

# DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

## BALANCE SHEET AS AT FEBRUARY 28, 2007

(Amounts in Indian Rupees)

	<u>Note</u>	<u>Feb-28 2007</u>
<b><u>SOURCES OF FUNDS</u></b>		
<b>Shareholders' Funds</b>		
Share Capital	3	500,000
<b>TOTAL</b>		<u>500,000</u>
<b><u>APPLICATION OF FUNDS</u></b>		
<b>Current Assets, Loans and Advances</b>		
Cash in hand		499,000
		<u>499,000</u>
<b>Less: Current Liabilities and Provisions</b>	4	<u>127,456</u>
<b>Net Current Assets</b>		371,544
<b>Miscellaneous Expenditure</b>		
(To the extent not written off)		
Preliminary Expenses	5	108,920
Profit and Loss Account		19,536
<b>TOTAL</b>		<u>500,000</u>

The accompanying notes form an integral part of this Balance Sheet.

As per our report of even date.  
**For P.R.DUBASH & CO.**  
 Chartered Accountants

  
**For and on behalf of the Board**

**Satpal Singh**  
 Director

**P.R.DUBASH**  
 (Proprietor)

**Navpreet Singh**  
 Director

Place : Mumbai  
 Dated : April 09, 2007.

# DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD DECEMBER 30, 2005 TO FEBRUARY 28, 2007.

(Amounts in Indian Rupees)

Note

### INCOME

### EXPENDITURE

Registration and Filing Fees

Auditors' Remuneration

Preliminary Expenses Written Off

Loss before Taxation

Less: Provision for Taxation

Accumulated Profit Carried Forward

Earnings per share (Basic)

Earnings per share (Diluted)

The accompanying notes form an integral part of this Statement.

For the period  
30.12.05 to  
28.02.07

-

-

1,000

5,056

13,480

19,536

(19,536)

-

(19,536)

(0.04)

(0.04)

As per our report of even date.

For **P.R.DUBASH & CO.**

Chartered Accountants

For and on behalf of the Board

**Satpal Singh**  
Director

**Navpreet Singh**  
Director

**P.R.DUBASH**  
(Proprietor)

Place : Mumbai  
Dated : April 09, 2007.



# DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD DECEMBER 30, 2005 TO FEBRUARY 28, 2007.

(Amounts in Indian Rupees)

### 1 BACKGROUND

Dolphin International Risk Services Limited was incorporated on December 30, 2005 to provide *inter alia*, engineering, technical & risk solutions and risk assessment & management systems.

The Company has obtained a Certificate of Commencement of Business on August 11, 2006.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) The financial statements have been prepared under the historical cost convention.
- (b) It is the policy of the Company to prepare its financial statements on the mercantile system of accounting.
- (c) The first financial statements have been prepared for the period commencing from the date of incorporation of the Company on December 30, 2005 till February 28, 2007.
- (d) Preliminary expenses incurred on the incorporation of the Company are proposed to be amortised uniformly over a period of five years from the date of commencement of business.

### 3 SHARE CAPITAL

#### Authorised

5,000,000 Equity Shares of Re.1 each

#### Issued and Subscribed

500,000 Equity Shares of Re.1 each fully paid

### 4 CURRENT LIABILITIES AND PROVISIONS

Sundry Creditors

Due to Promoters

### 5 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses

Less: Amortised during the period

### 6 SUPPLEMENTARY STATEMENT OF PROFIT AND LOSS DATA

(a) Auditor's Remuneration comprises of:

Audit Fees

Fees for Certification

As at  
28.02.2007  
Rs.

10,000,000

500,000

5,056

122,400

127,456

122,400

(13,480)

108,920

2005-07

2,809

2,247

5,056

(b) This being the first financial year of the Company, previous year's figures have not been given.

(c) Other information required to be given under Part II of Schedule VI of the Companies Act, 1956, to the extent not applicable, has not been given.

# DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD DECEMBER 30, 2005 TO FEBRUARY 28, 2007.

(Amounts in Indian Rupees)

	<u>For the period</u> <u>30.12.05 to</u> <u>28.02.07</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
NET LOSS BEFORE TAX	(19,536)
Adjusted for:	
Depreciation	-
Interest	-
Miscellaneous Expenditure	13,480
Operating Profit before working capital changes	<u>(6,056)</u>
Adjustments for	
Trade and Other Receivables	-
Trade and Other Payables	127,456
Provisions	-
CASH GENERATED FROM OPERATIONS	121,400
Direct Taxes Paid	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>121,400</u>
<b>CASH FROM INVESTMENT ACTIVITIES</b>	
Purchase of Fixed Assets	-
Sale of Fixed Assets	-
Interest Received	-
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Issue of Equity Shares	500,000
Proceeds from Long Term Borrowing (Net)	-
Proceeds from Short Term Borrowing (Net)	-
Preliminary Expenditure	(122,400)
Dividend Paid	-
Interest Paid	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<u>377,600</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	499,000
<b>CASH AND CASH EQUIVALENTS ON COMMENCEMENT</b>	-
<b>CASH AND CASH EQUIVALENTS AS ON 28.02.2007</b>	<u>499,000</u>

For and on behalf of the Board

Satpal Singh  
Director

Navpreet Singh  
Director

Place : Mumbai  
Dated : April 09, 2007.

# DOLPHIN INTERNATIONAL RISK SERVICES LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration Number	:	11-158460
State Code Number	:	11
Balance Sheet Date	:	February 28, 2007

### II Capital raised during the year

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	500,000

### III Position of mobilisation and deployment of funds

Total Liabilities and Shareholders' Funds	:	-
Total Assets	:	-
Sources of Funds	:	
Paid-up Capital	:	500,000
Reserves and Surplus	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Application of Funds	:	
Net Fixed Assets	:	Nil
Investments	:	Nil
Net Current Assets	:	371,544
Miscellaneous Expenditure	:	108,919
Accumulated Losses	:	Nil

### IV Performance of the Company

Turnover	:	-
Total Expenditure	:	-
Profit/(Loss) before Tax	:	(19,536)
Profit/(Loss) after Tax	:	(19,536)
Earnings per share in Rs.	:	(0.04)
Dividend Rate (%)	:	Nil

### V Generic names of Principal Products/Services of the Company

Item Code No. (Indian Trade Classification)	:	Not Applicable
Product Description	:	Not Applicable

# DOLPHIN OFFSHORE ENTERPRISES (INDIA) LIMITED

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

Date : July 31, 2007

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, dully 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 7th September, 2007** 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 7<sup>th</sup> September, 2007** 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.**  
Satam Estate, 3<sup>rd</sup> Floor,  
Above Bank of Baroda,  
Cardinal Gracious Road,  
Chakala, Andheri (E),  
Mumbai - 400 099.

Dear Sirs

### Re: Payment of dividend

I have read the letter dated 31<sup>st</sup> July, 2007 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) :  Saving  Current  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 **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the Company at Hall No. M-2, Hotel Executive Enclave, 331, Dr. Ambedkar Road, Pali Hill, Bandra (West), Mumbai - 400 050, on Friday, September 7, 2007 at 1500 hrs (3.00 p.m.) (Tel. No. 66969000/01)

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

Regd. Folio No. ....

(To be signed at the time of handing 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 **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the Company at Hall No. M-2, Hotel Executive Enclave, 331, Dr. Ambedkar Road, Pali Hill, Bandra (West), Mumbai - 400 050, on Friday, September 7, 2007 at 1500 hrs (3.00 p.m.) (Tel. No. 66969000/01)

Signed this ..... day of ..... 2007.

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.

