



DOLPHIN OFFSHORE ENTERPRISES (INDIA) LTD.



29th Annual Report 2007-2008



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
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

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Message from the Chairman & Managing Director



Dear Shareholders,

I am happy to inform you that this year has been very significant as your Company, working as a consortium member, has completed two offshore construction EPC contracts for ONGCL successfully. Consequently, your Company is now recognized and approved by ONGCL for undertaking offshore construction EPC contracts directly and independently. This qualification will enable your Company to have more freedom for bidding for new contracts which will strengthen the Company's future growth prospects.

I am also pleased to state that despite having faced adverse weather conditions which has reduced the offshore working season to around 5 ½ months as against a normal working season of 7 – 8 months, your Company has been able to increase its turnover upto Rs.227.70 crores, a 10% increase over last year. Net profits after tax have also increased by 9.6% to Rs.16.26 crores. Your Company has declared dividend of 25% despite enhancement in share capital.

On the vessel front, work on the two workboats cum supply vessels and the accommodation barges is progressing. However, the shipyards have encountered some delays and the two workboats are expected to be delivered to us by November, 2008 while the barge will be delivered by January, 2009.

The two anchor handling and towing supply vessels, Krishna Dolphin and Godavari Dolphin have been sold during the year at a profit of approximately Rs.12.60 crores. Further during the beginning of 2008–09 the other two vessels owned by the Company, Brahmaputra Dolphin and Ganga Dolphin have been transferred to your wholly owned subsidiary Procyon Offshore Services Limited, which will be the company responsible for all marine activities for the Dolphin Offshore group.

The Company has received "In principle" approval from the Gujarat Maritime Board for setting up its shipbuilding, ship repair cum fabrication yard at Jafrabad, Gujarat. Work on preparation of the detailed project report and environmental studies are currently underway in order to get the Environmental and CRZ clearances so that the allocation of land and development of the infrastructure can commence. It is expected that these clearances will be received by June 2009.

Your Company has also relocated all its offices to its new leased premises at CBD Belapur (Navi Mumbai). This relocation has enabled all divisions of the Company to operate under one roof and also to cater for the future expansion requirements of your Company. This relocation in turn has helped in establishing better co-ordination and control of activities between the different divisions, which is necessary for successful completion of turnkey projects.

I am also happy to inform you that discussions with the Government of India, the Norwegian Government and International Institutions are progressing well for the development of a training centre in India for divers, diving technician and ROV personal and for the setting up of a state of the art institute for research and development of underwater and deepwater technology.

As may be seen from the above, your Company is progressing well along the path planned for future sustained growth, which I had shared with you earlier.

I take this opportunity to acknowledge and thank my fellow Board Members for their advice and guidance in steering the Company on its path for growth and excellence. I also wish to express my gratitude and appreciation to our very committed and capable team of employees who have contributed significantly in building up the reputation of your Company for reliability, diligence and dependability.

VISION STATEMENT

It is the intention of Dolphin 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 EPC projects related to Offshore structures including process and unmanned platforms, rigs/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 EPC construction services for the offshore oil & gas industry
- ➔ Topside Hookup and 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 :

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

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 EPC 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

Flag	: Indian
Classification	: IRS
Year of Built	: 1982
Builder	: INAMURA ZOSEN, JAPAN
Dimension	
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')
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Deck machinery

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

Accommodation

Accommodation	: 24 berth-fully air-conditioned
Electronics	: Radar, Echo Sounder, Gyro compass, Auto Pilot, GMDSS, SSB Radio, VHF Radio, Intercom, Computer, Printer.

Miscellaneous

Miscellaneous	: Zodiac inflatable workboat with 25HP outboard motor. Safety equipment including EPIRBS SARTs complies with SOLAS requirement.
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M. V. BRAHMAPUTRA DOLPHIN



Multi purpose survey / support vessel, Worboat

Flag	: Indian
Classification	: IRS/ABS+A1(E)+AMS ISM SMC
Year of Built	: 1976
Builder	: Quality Equipment (Inc) Houma, USA
Dimension	
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

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

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

Cranes

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

Accommodation	: 63 berth (including crew)
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Mooring

Mooring	: 4 point
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Safety

Safety	: Central fire detection
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Auxillaries

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

Water maker	: 2x5t/ day
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DETAILS OF MAJOR CONTRACTS EXECUTED BY THE COMPANY

BBBLRP PROJECT

BBBLRP was EPC project awarded to Consortium of M/s. Dolphin Offshore Enterprises (I) Ltd. & M/s. Naftogaz India Pvt. Ltd., M/s. Dolphin Offshore Enterprises (I) Ltd. being the Leader of the Consortium. Scope of work involved Installation of 39 Barge Bumpers, 07 Boat Landing and 32 Riser Protectors weighing 2200 MT of structural steel on the process and well platforms in Western offshore field of ONGC, at Mumbai High India – Involving Engineering, Procurement, Fabrication, load out, transportation and offshore Installation.

The contract value was US \$32.19 Million and the project completed within 19 months, over 2 seasons from October 2006 to April 2008. Work was successfully completed conforming to ONGC specifications and under the inspection agencies M/s. Certification Engineers International Ltd. and M/s. Germaischer Lloyd Industrial Services.

6 CLAMP-ON PROJECT

ONGC awarded the 6 Clamp-on project on 5th April 2007 to Consortium of L&T and Dolphin Offshore.

The scope of project was to modify existing facilities by addition of Extended decks, surface and sub-sea conductor guides and conductors, conductor protectors, Cathodic protection systems, topside modifications for hooking up new wells and also replacement of shut-down panels.

The project involved Pre-engineering surveys, Design, Engineering, Procurement, Fabrication, Load-out, Sea-fastening, Transportation, Installation, Hook-up, Modifications, Testing, Pre-commissioning and Commissioning.

Contract value was USD 24.1 mn + INR 8 Cr, and duration for execution was 11 months and 26 days, stipulating 31st March 2008 as the contractual completion date.

The project has been successfully completed in a timely manner.

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

Living Accommodation Chambers

Main Diving Chamber	: 6men
1 (17.63m3)	
HRC2(14.9m3)	: 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	: 3.8m3
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

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

Living Chambers

Main Chamber 1	
(27.1 m3)	: 6 men

Hyperbaric Rescue Chamber

HRC 1 (15m3)	: 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	: 4.5m3
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.	EVERPOWER	1200 BHP	1977	30
2.	KAMRUP	436 DWT	1983	24
3.	PIONEER STAR	940 BHP	DEC 1993	14
4.	SCH 3	700 BHP	1994	13
5.	MARINA MERCURY	1080 BHP	1997	10
6.	MARINA VENUS	1200 BHP	1997	10
7.	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	November 2008
(ii)	275 Men DP Barge	07-02-2007	January 2009

Certifications

DIVING & UNDERWATER SERVICES



TURNKEY PROJECT MANAGEMENT TOPSIDE/FABRICATION SERVICES



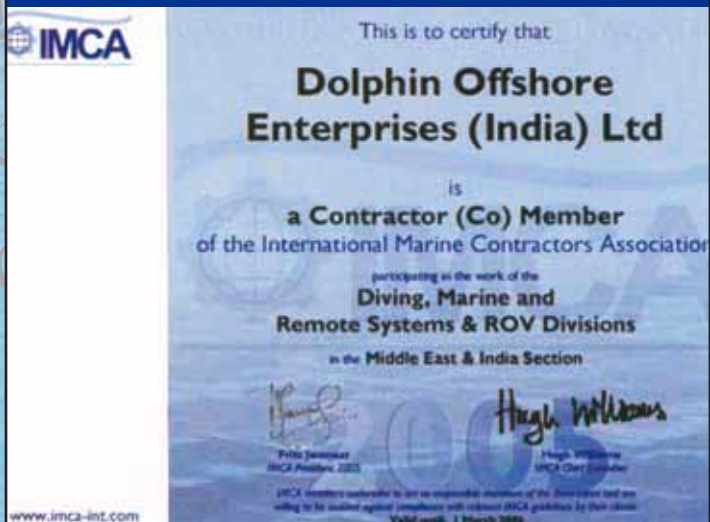
MARINE



SHIP REPAIR SERVICES



DIVING, MARINE & ROV



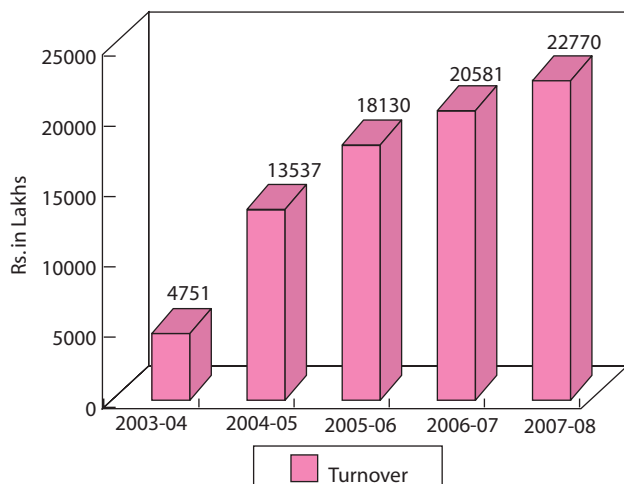


KEY PERFORMANCE INDICATORS

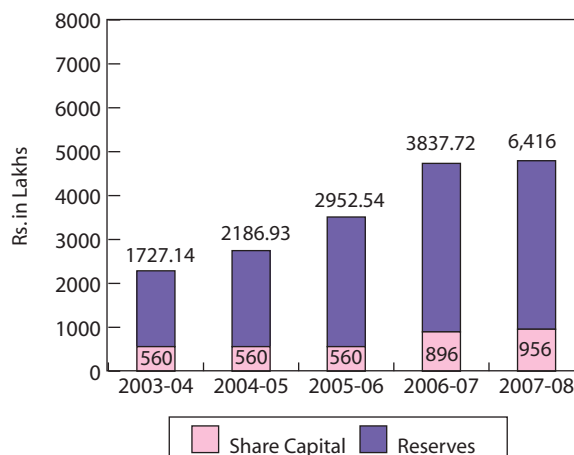
Year ended 31 March Financial Data (Rs. in Lakh)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
ASSETS & LIABILITIES										
Net fixed Assets	4992	4858	3241	3240	1699	1741	1088	864	949	928
Net Current Assets	17254	10538	11005	3639	2535	2573	2032	1936	1883	1481
Share Capital	956	896	560	560	560	560	560	560	560	560
Reserves & Surplus	6416	3838	2953	2187	1727	1634	1606	1511	1326	1124
Total Borrowings	15918	11846	10528	3943	1828	2027	879	837	1017	753
REVENUES & EXPENSES:										
Gross Revenue	22770	20581	18130	13537	4751	6202	6987	5488	6560	5516
Operating Expenses	17465	15975	14611	10660	3685	5379	5720	4711	5421	4632
Gross Operating Profit	5305	4605	3519	2877	1065	823	1267	777	1139	884
Profit before Tax	2483	2334	1438	974	165	117	446	245	451	373
Profit after Tax	1626	1483	925	620	156	92	295	185	326	279
KEY RATIOS:										
Earnings per Share (Rs.)	17.34	16.55	16.52	11.06	2.79	1.64	5.27	3.31	5.82	4.99
Rate of Dividend(%)	25	25	25	25	10	10	15	-	20	20
Gross Operating Profit Margin(%)	23.30	22.38	19.41	21.25	22.43	13.27	18.13	14.16	17.36	16.03
Net Profit Margin (%)	7.14	7.21	5.10	4.58	3.28	1.48	4.22	3.37	4.97	5.06
Current Ratio	1.38	1.44	1.87	1.05	1.25	1.15	1.68	1.60	1.45	1.58
Debt Equity Ratio	0.79	1.50	2.06	0.26	0.05	0.03	0.03	-	0.06	0.14
Return on Net Worth (%)	22.05	31.33	26.34	22.55	6.82	4.22	13.77	9.38	17.94	16.84
Return on Investment (%)	21.41	17.88	13.09	28.43	17.73	4.09	13.42	9.38	16.85	14.81



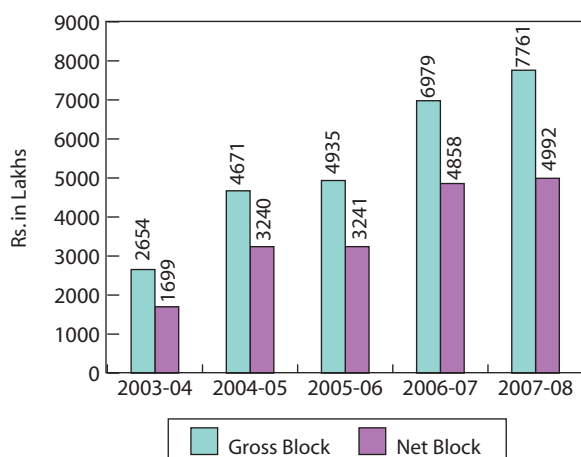
TURNOVER



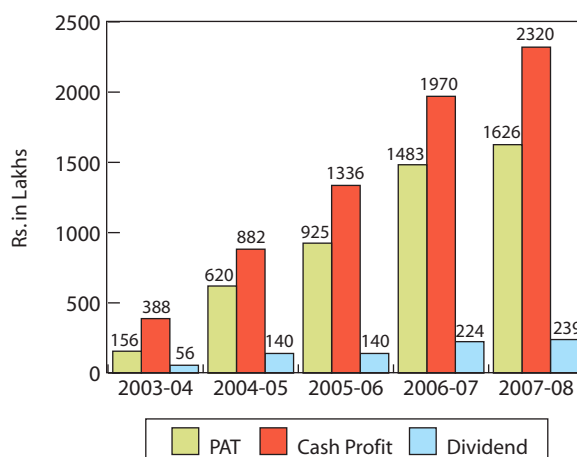
NETWORTH



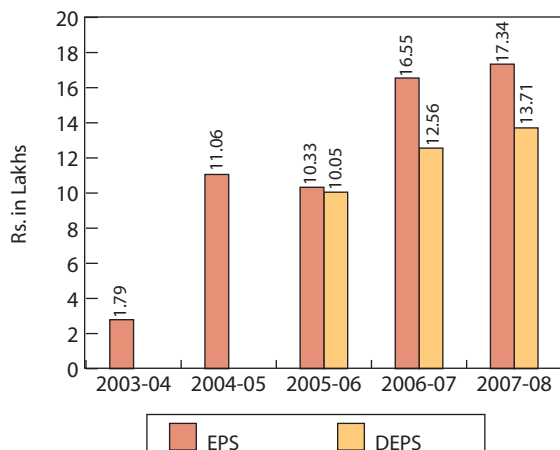
FIXED ASSET



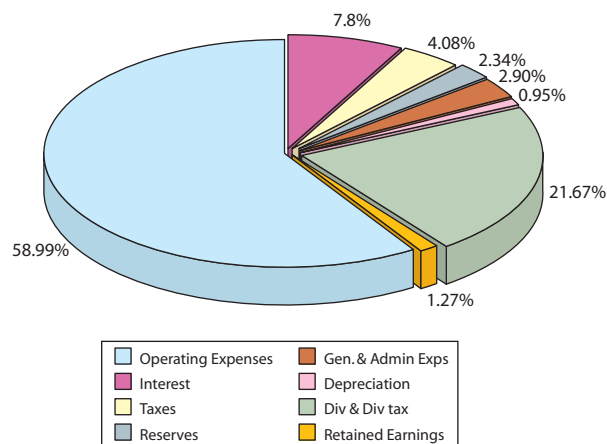
PROFITABILITY



EARNING PER SHARE AND DILUTED EARNING PER SHARE



INCOME UTILISATION - [2007-08]





NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of DOLPHIN OFFSHORE ENTERPRISES [INDIA] LIMITED will be held on Monday, September 29, 2008 at 1500 hours (3.00 p.m.) at M.C. Ghia Hall, Second Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Kalaghoda, Mumbai 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended March 31, 2008 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. Sundar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bipin R. Shah, 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 Special Resolution :

“RESOLVED THAT in partial modification of Resolution No.7 passed at the 24th Annual General Meeting of the Company held on September 08, 2003 and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”) read with Schedule XIII of the Act, the Company hereby approves of the revision in the remuneration payable to Rear Admiral Kirpal Singh, Chairman & Managing Director, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with effect from April 01, 2008 for the remaining period of his current tenure as under:

- (a) Basic Salary: Rs. 7,50,000/- per month, Annual increment as may be decided by the Remuneration Committee and the Board of Directors.
- (b) Commission: Such amount of commission (in addition to salary and perquisites hereinafter stated) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors, which together with the salary and monetary value of perquisites shall not exceed the ceiling, laid down in Section 309 of the Act.
- (c) Perquisites as follows:
 - i) The expenditure incurred by the appointee on gas, electricity, water and furnishings shall be reimbursed by the Company.
 - ii) All medical expenses incurred for him and his family, medical insurance premium and personal accident insurance premium together shall not exceed one month's basic salary.
 - iii) Leave Travel Concession for self and family will be allowed once in a year in accordance with the rules of the Company.
 - iv) Fees of Clubs subject to a maximum of two clubs; this will not include admission and life membership.
 - v) Contribution to Provident Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.
 - vi) Gratuity as per the provisions of the Payment of Gratuity Act, or as per the Gratuity Scheme of the Company, whichever is higher.
 - vii) Provision of car with driver for use on Company's business and telephone at the residence.
 - viii) Leave unavailed of to be allowed to be encashed as per rules of the Company.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profit in any financial year Rear Admiral Kirpal Singh, Chairman & Managing Director shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to the upper limit, if any, prescribed under the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”



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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable Sections of the Companies Act, 1956 read with and in accordance with the conditions specified in Schedule XIII of the said Act (including any statutory modification (s) or re-enactment thereof, for the time being in force), subject to the approval of the Central Government if any, the approval of the Company be and is hereby accorded to the appointment of Rear Admiral Kirpal Singh as Whole Time Director designated as Executive Chairman of the Company for a period of 5 years commencing from October 01, 2008 on the following terms of remuneration:

- (a) Basic Salary : Rs. 7,50,000/- per month, Annual increment as may be decided by the Remuneration Committee and the Board of Directors.
- (b) Commission: Such amount of commission (in addition to salary and perquisites hereinafter stated) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors, which together with the salary and monetary value of perquisites shall not exceed the ceiling, laid down in Section 309 of the Act.
- (c) Perquisites as follows:
 - i) The expenditure incurred by the appointee on gas, electricity, water and furnishings shall be reimbursed by the Company.
 - ii) All medical expenses incurred for him and his family, medical insurance premium and personal accident insurance premium together shall not exceed one month's basic salary.
 - iii) Leave Travel Concession for self and family will be allowed once in a year in accordance with the rules of the Company.
 - iv) Fees of Clubs subject to a maximum of two clubs; this will not include admission and life membership.
 - v) Contribution to Provident Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.
 - vi) Gratuity as per the provisions of the Payment of Gratuity Act, or as per the Gratuity Scheme of the Company, whichever is higher.

vii) Provision of car with driver for use on Company's business and telephone at the residence.

viii) Leave unavailed of to be allowed to be encashed as per rules of the Company.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profit in any financial year Rear Admiral Kirpal Singh, Executive Chairman shall be paid the same remuneration as stated hereinabove, as minimum remuneration but subject to the upper limit, if any, prescribed under the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT in the event of loss of office as Executive Chairman, Rear Admiral Kirpal Singh shall be paid compensation in the manner and to the extent permissible under the provisions of Section 318 and other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorised to alter, vary, increase or modify the terms and conditions of the remuneration, including perquisites, during the aforesaid period, subject to the maximum permissible limit specified under Schedule XIII or other relevant provision of the said Act which may be amended from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts, deeds and things as may be required to give effect to the aforesaid resolutions and the Board is further authorised to settle all questions, difficulties or doubts with regard to the payment of remuneration to Rear Admiral Kirpal Singh and any matter arising out of or incidental thereto, as it may at its absolute discretion deems fit without being required to seek any further approval of the members and intent that members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT during such time as Rear Admiral Kirpal Singh holds and continues to hold the office of the Executive Chairman, he shall not be liable to retirement by rotation as director"

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

“RESOLVED THAT in partial modification of Resolution No.6 passed at the 25th Annual General



Meeting of the Company held on September 06, 2004 and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("Act") read with Schedule XIII of the Act, the Company hereby approves the revision in remuneration payable to Mr. Satpal Singh, Joint Managing Director, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with effect from April 01, 2008 for the remaining period of his current tenure as under:

- (a) Basic Salary : Rs. 7,25,000/- per month, Annual increment as may be decided by the Remuneration Committee and the Board of Directors.
- (b) Commission: Such amount of commission (in addition to salary and perquisites hereinafter stated) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors, which together with the salary and monetary value of perquisites shall not exceed the ceiling, laid down in Section 309 of the Act.
- (c) Perquisites as follows:
 - i) The expenditure incurred by the appointee on gas, electricity, water and furnishings shall be reimbursed by the Company.
 - ii) All medical expenses incurred for him and his family, medical insurance premium and personal accident insurance premium together shall not exceed one month's basic salary.
 - iii) Leave Travel Concession for self and family will be allowed once in a year in accordance with the rules of the Company.
 - iv) Fees of Clubs subject to a maximum of two clubs; this will not include admission and life membership.
 - v) Contribution to Provident Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.
 - vi) Gratuity as per the provisions of the Payment of Gratuity Act, or as per the Gratuity Scheme of the Company, whichever is higher.
 - vii) Provision of car with driver for use on Company's business and telephone at the residence.

viii) Leave unavailed of to be allowed to be encashed as per rules of the Company.

RESOLVED FURTHER THAT the Company hereby approves re-designation of Mr. Satpal Singh, Joint Managing Director as the Managing Director of the Company with effect from October 01, 2008 on the same remuneration as stated above.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

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

"RESOLVED THAT in partial modification of Resolution No.7 passed at the 25th Annual General Meeting of the Company held on September 06, 2004 and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("Act") read with Schedule XIII of the Act, the Company hereby approves of the revision in the remuneration payable to Mr. Navpreet Singh, Joint Managing Director, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with effect from April 01, 2008 for the remaining period of his current tenure as under:

- (a) Basic Salary: Rs. 7,00,000/- per month, Annual increment as may be decided by the Remuneration Committee and the Board of Directors.
- (b) Commission: Such amount of commission (in addition to salary and perquisites hereinafter stated) calculated with reference to the net profit of the Company for each financial year as may be fixed by the Board of Directors, which together with the salary and monetary value of perquisites shall not exceed the ceiling, laid down in Section 309 of the Act.
- (c) Perquisites as follows:
 - i) The expenditure incurred by the appointee on gas, electricity, water and furnishings shall be reimbursed by the Company.
 - ii) All medical expenses incurred for him and his family, medical insurance premium and personal accident insurance premium together shall not exceed one month's basic salary.
 - iii) Leave Travel Concession for self and family will be allowed once in a year in accordance with the rules of the Company.



- iv) Fees of Clubs subject to a maximum of two clubs; this will not include admission and life membership.
- v) Contribution to Provident Fund, Superannuation Fund, Annuity Fund to the extent the same are not taxable under the Income Tax Act.
- vi) Gratuity as per the provisions of the Payment of Gratuity Act, or as per the Gratuity Scheme of the Company, whichever is higher.
- vii) Provision of car with driver for use on Company's business and telephone at the residence.
- viii) Leave unavailed of to be allowed to be encashed as per rules of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

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

Registered Office:

1001, Raheja Centre,
214, Nariman Point,
Mumbai - 400 021
Date: July 26, 2008

sd/-
V. SURENDRAN
COMPANY SECRETARY

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 September 20, 2008 to September 29, 2008 (both 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. Sundar and Mr. Bipin R. Shah, Directors retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange(s) are furnished in the Corporate Governance Report published in the Annual Report.

9. All unclaimed dividend lying in the unpaid dividend account till 1999 -2000 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. The details of outstanding unpaid dividend to be transferred to the Investor Education and Protection Fund (IEPF) is as follows:

YEAR OF DECLARATION	AMOUNT (Rs) OUTSTANDING AS ON 30-06-2008	DATE OF TRANSFER
2000 - 2001 (No Dividend)	NIL	NOT APPLICABLE
2001 - 2002	1,03,934.00	On or before 17/10/2009
2002 - 2003	62,803.00	On or before 7/10/2010
2003 - 2004	63,618.00	On or before 5/9/2011
2004 - 2005	93,241.00	On or before 9/9/2012
2005 - 2006	1,03,452.50	On or before 6/10/2013
2006 - 2007	1,72,168.00	On or before 6/10/2014

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



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

AGENDA ITEM NO. 6 & 7

The resolution at item No.6 seek to obtain the members' approval in respect of revision of remuneration of Rear Admiral Kirpal Singh, Chairman & Managing Director w.e.f. 01-04-2008, details of which as stated in the said resolution. He was appointed as Chairman & Managing Director of the Company for a period of five years from October 01, 2003.

The resolution at item No.7 seek the approval of the member in respect of the appointment of Rear Admiral Kirpal Singh as a Whole Time Director designated as Executive Chairman of the Company for a period of 5 years commencing from October 01, 2008 on a salary contained in the said resolution.

The Remuneration Committee of the Company reviewed his remuneration packages in line with the remuneration prevailing in the Offshore Construction Industry. As per the recommendation of the Remuneration Committee, the Board propose to revise the terms of remuneration payable to Rear Admiral Kirpal Singh as per details stated in the respective resolution. The increment, if any for each year, shall also be subject to approval of members of the Company in the General Meeting of members.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income – tax law, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

Rear Admiral Kirpal Singh has crossed the age of 70 and accordingly the above resolutions are required to be approved by a special resolution. Approval of the members is also required under Section 269 read with Schedule XIII of the Companies Act, 1956.

Your Directors recommend the resolution at item no. 6 & 7 for your approval.

Mrs. Manjit Kirpal Singh, Mr. Satpal Singh and Mr. Navpreet Singh, being the relatives of Rear Admiral Kirpal Singh are interested in his revision of remuneration / appointment. Rear Admiral Kirpal Singh is deemed to be interested in his own revision of remuneration / appointment. No other directors have any interest in the above revision of remuneration and appointment.

The abstract pursuant to Section 302, of the Companies Act, 1956 have been sent to the members.

AGENDA ITEM NO. 8 & 9

The resolutions at items 8 & 9 of the Agenda seek to obtain the members' approval in respect of re-designation and revision of remuneration of Mr. Satpal Singh, Joint Managing Director and revision of remuneration payable to Mr. Navpreet Singh, Joint Managing Director of the Company. Both of them were appointed as Joint Managing Director of the Company for a period of five years from May 17, 2004.

The Remuneration Committee of the Company reviewed their remuneration packages in line with the remuneration prevailing in the Offshore Construction Industry. As per the recommendation of the Remuneration Committee, the Board propose to revise the terms of remuneration payable to aforesaid managerial personnel with effect from April 01, 2008 details of which are mentioned in the respective resolution. The increment, if any for each year, shall also be subject to approval of members of the Company in the General Meeting of members.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income – tax law, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

All other terms of their appointment letter shall remain unchanged.

Your Directors recommend the resolution at item no.8 & 9 for your approval.

Rear Admiral Kirpal Singh and Mrs. Manjit Kirpal Singh being their relatives are interested in re-designation and revision of remuneration as stated above. Mr. Satpal Singh is deemed to be interested in his re-designation and revision of remuneration. Mr. Navpreet Singh is deemed to be interested in revision of his remuneration. They are also related to each other. No other directors have any interest in the above modifications of their remuneration and re-designation.

The abstract pursuant to Section 302, of the Companies Act, 1956 have been sent to the members.

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

Registered Office:
1001, Raheja Centre,
214, Nariman Point,
Mumbai - 400 021
Date: July 26, 2008

sd/-
V. SURENDRAN
COMPANY SECRETARY



To

THE MEMBERS OF

DOLPHIN OFFSHORE ENTERPRISES (INDIA) LIMITED

Your Directors have great pleasure in presenting the Twenty Ninth Annual Report on the business and operations of your Company, together with the audited financial statements for the year ended March 31, 2008.

1.0 AUDITED FINANCIAL STATEMENTS:

1.1 Summarised Audited Financial Results –

(Amounts in Thousands of Indian Rupees except EPS)

	2007-08	2006-07
Revenues	227,70,47	205,80,77
Gross operating profit	53,05,03	46,05,34
Net operating profit	29,94,72	33,01,88
Profit before interest and depreciation	43,84,74	34,54,51
Profit before tax	24,83,41	23,34,25
Net profit after tax	16,25,85	14,83,25
Earnings per share		
- Basic	17.34	16.55
- Diluted	13.71	12.56

Year on year, the total revenues increased by 10.63%, Gross operating profit by 15.20%, profit before interest and depreciation by 26.92% and profit after tax by 9.64%.

1.2 Partial conversion of Foreign Currency Convertible Bonds –

During the year, the Bond Holders converted 3,000 foreign currency convertible bonds of USD 1,000 each, (representing 20% of the total bonds issued) into 6,04,933 equity shares of Rs 10.00 each at a premium of Rs 215.00 per share. Consequently, the paid up share capital of the Company has increased to Rs 9.56 crores.

1.3 Dividend

For the year 2007–08, the Board of Directors

is pleased to recommend a dividend of Rs 2.50 (2007: Rs 2.50) per equity share of Rs 10.00 each, which will result in a total outlay of Rs 2.39 crores (2007: Rs 2.24 crores) towards dividend and Rs 0.46 crores (2007: Rs 0.38 crores) towards tax on dividends.

2.0 MANAGEMENT'S DISCUSSIONS AND ANALYSIS:

2.1 Industry Trends and Developments –

During the year under review, crude oil prices increased substantially from an average Brent price of USD 64.20 a barrel in 2006-07 to an average of USD 82.80 in 2007-08. Prices had increased even further to around USD 147 in July 08 but early August dropped to USD 125.

A variety of factors are responsible for this surge in oil prices. Emerging markets such as India and China have increased oil consumption with a growth rate of 9 to 11% in GDP; frequent interruption in supplies in major oil producing countries such as Nigeria and Venezuela; a threat of armed conflict with Iran; level of reserve stocks of petroleum products in USA; as also forward trading in oil on the New York Metal Exchange although it is debatable whether or not such trading helps to stabilise prices.

Much of our business is with ONGC in the Mumbai High Oilfields and ONGC's activities include installation of new facilities and equipment to boost production; revamp, replacement and modification of existing infrastructure in order to enhance production as well as to extend the life of the oilfields. ONGC has announced that it will invest close to USD 30 billion in the Eleventh Five Year Plan to 2012, which is about 60% higher than its investment in the Tenth Five Plan. Your Company's prospects for growth look good. Your Company expects to get its fair share of this business.

Your Company's range of services covers diving and subsea intervention; vessel ownership, vessel management and marine logistics; fabrication, process and electrical engineering, installation and commissioning; and ship/drilling rig repairs.



Your Company has the ability to integrate these various services. It enables the Company to undertake turnkey EPC contracts at competitive rates.

2.2 The year in perspective –

Your Company achieved a significant milestone by completing successfully the 6 Clamp-On Project for ONGC. The Company undertook this job in a consortium with Larsen & Toubro Ltd. with a share of 55% of the Contract price of approximately USD 26 million.

Your Company completed the ONGC Barge Bumper Boat Landing Riser Protector Contract (BBLRP Contract), worth USD 32.19 million. Work on this project lasted 19 months to May 2008. Your Company executed this contract in a consortium with Naftogaz India Ltd. Your Company was responsible for overall Project Management. Dolphin's share of this project initially was 80% but was later revised to 97% after the Company took over the responsibility of procuring materials sourced by Naftogaz.

Your Company undertook contracts for the provision of diving services for Punj Lloyd under their contract with ONGC for the Heera Development Project and with CNS of Italy for their work in China.

Your Company completed its ongoing contracts with Larsen & Toubro Ltd. for the SH Reconstruction project and the Pipeline Replacement job.

Offshore Projects in the Mumbai High area are affected by the vagaries of the monsoon. Early monsoon in May or a late monsoon in October reduces the working season. The year under review was affected by both these contingencies and what is more, extremely rough weather prevailed in February 08. This reduced the working season leading to higher costs and delayed completion of projects.

During the year, your Company sold two of its vessels, Anchor Handling Towing Supply vessels (AHTS), Krishna Dolphin and Godavari Dolphin.

2.3 Future Prospects –

With the successful completion of 6 Clamp-on projects, your Company has qualified as an independent EPC offshore contractor for ONGC's projects. It will have greater freedom to pursue contracts of its choice rather than be dependent on its partners/clients. This in turn will facilitate growth in revenues and margins for the Company.

The Company's order book position as on June 30, 2008 covering the period from April 01, 2008 onwards is Rs 116 crores.

2.4 Business Risks and Management's assessments -

Your Company has identified the following risks that may arise:

2.4.1 Oil and gas prices:

With oil prices ruling at unprecedented high levels, there is a good possibility that economic growth will slow down in all countries, developed and developing, which could result in a recession. That would have repercussions on many fronts: a slump in the oil industry, lower demand for oil and gas, fall in prices of commodities, oil and manufactured goods.

However, India will be a different story. The country is energy deficient. India imports more than 70% of its crude oil requirements and this percentage will increase as the country grows at more than 8%. India will continue to allocate resources to find new oil, mostly offshore as it did in the mid 1980's in a similar situation. Management of your Company therefore believes that service Companies like your Company will flourish despite what happens to their counterparts abroad.

2.4.2 Scarcity of resources and increased input costs:

As of now there has been a surge in the level of activity in the offshore oil and gas industry. Demand for



resources, men and materials, has been increasing around the world. Situation in India is very similar.

Shipyards are overbooked and the period for delivery of vessels and rigs is lengthening. Similarly, there is a shortage of skilled and trained manpower. International companies are hiring skilled Indian personnel at attractive rates creating a shortage of trained men here. Costs to the Companies like ours, of skilled men, especially divers, have been increasing significantly and in the last year have risen by over 50%. As a consequence, the cost of executing projects is increasing, thereby affecting margins adversely.

Anticipating higher volumes and revenues in the near future, your Company will recruit additional Managerial personnel. Office space at Bandra was limited and so, your Company hired a building belonging to LIC at Belapur on a long-term lease. The Company moved into these premises in September 2007. All the offices are now under one roof; this has helped achieve better control and coordination of different Departments.

With regard to skilled offshore personnel, the Company is implementing its plan to recruit and train men and in particular, in assisting divers to undertake professional courses. Additionally, the Company will set up a centre to train divers, diving technicians and ROV operators in India.

2.4.3 Need for further investment:

As said above, the Company expects its volume of work to increase substantially in the next three to five years. Anticipating this change of scenario, the Company either by itself or through its wholly owned subsidiaries, has invested in diving systems and in different types of

vessels for turnkey offshore projects. Further, the Company has entered into long-term charter agreements for two vessels, SEAMEC 1 for a period of four years and Abouzar 81 for 31 months.

The Company will make further investments in vessels, diving systems etc. Your Company's Management is confident of being able to raise the necessary funds for purchase of these assets.

2.4.4 Predominance of a single customer:

Your Company's customer base is currently dominated by a single organisation, ONGC. Accordingly, business opportunities for the Company are dependent on the decisions of ONGC, especially their policy on nominating work, without tenders, to other public sector companies, and the timing and terms and conditions of their tenders.

Your Company has been operating in such an environment since its inception and is aware of the risks involved. To counter this, it concentrates on developing its reputation as a good, reliable and efficient service provider. As a consequence, the Company is recognised as one of the leading offshore contractors, and has been accepted as sub-contractors by a number of large contractors, including public sector companies.

The Government's liberalisation policy has enabled private sector companies to acquire acreage for exploration and to take over the development of some minor oil and gas fields. Private sector has acquired nearly 40% of the acreage under exploration. As they move towards production activities, hopefully as they discover commercial oil fields, the client base of your Company will grow.



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 financial year ends on March 31; this is in the middle of the working season in Mumbai High, which should last until the end of May, depending on weather conditions.

However, these fluctuations are expected to even out over a period of time. Fluctuations in reported revenues and profits do not affect the overall revenue earning and profit making capacity of your Company.

2.5 Internal Control Systems and their adequacy –

Your Company has adequate internal control systems in place. With a view to monitor 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 for their contributions to the working of 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.

3.0 DUTY CREDIT ENTITLEMENT

As a result of its foreign exchange earnings, the Company has been granted a Duty Credit Entitlement of Rs 8.31 crores for 2005 – 06 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 approximately Rs 10.00 crores for 2006 – 07 that are expected shortly.

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

5.0 DIRECTORS:

5.1 Appointment/Re-designation of Director

The current tenure of Rear Admiral Kirpal Singh as Chairman and Managing Director of the Company ends on September 30, 2008. At the Board meeting held on June 30, 2008, the Board appointed him as Executive Director re-designated as Executive Chairman of the Company subject to the approval of shareholders, for a further term of 5 years w.e.f. October 01, 2008.

At the above meeting the Board also re-designated Mr. Satpal Singh, Joint Managing Director as Managing Director of the Company w.e.f. October 01, 2008.



5.2 Directors retiring by rotation -

Mr. Bipin R. Shah and Mr S. Sundar are due to retire by rotation, and being eligible, offer them for re-appointment. Your Directors recommend their re-appointment.

(Amounts in Thousands of Indian Rupees)

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 not invited or accepted any Fixed Deposits from the public within the meaning of Section 58A of the Companies Act, 1956. As at March 31, 2008, the Company had accepted Fixed Deposits of Rs 0.46 crores (2007 – Rs 0.58 crores) from shareholders and others. There are no deposits that are due to have been repaid, nor any interest due, which have not been paid.

8.0 SUBSIDIARY COMPANIES:

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

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.

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

9.0 FOREIGN EXCHANGE RECEIPTS AND EXPENDITURE:

During the year ended March 31, 2008, the Company's foreign exchange receipts and expenditure was as follows:

Receipts-

	2007-08	2006-07
Contract revenues	1,76,52,55	1,10,89,54
Sale of vessels	29,37,06	-
Interest received	2,81,27	1,21,35
	<u>2,08,70,88</u>	<u>1,12,10,89</u>

Expenditure-

Plant & machinery	12,52,85	1,10,89
Vessels	-	16,07,62
Foreign subcontractors	88,71	6,19,42
Vessel charter & related expenses	20,67,00	10,93,89
Advance to wholly owned subsidiary	18,52,52	21,55,37
Equipment related expenses	8,61	1,31,03
Materials, stores and spares	6,07,91	7,02,82
Foreign travel	74,52	1,61,81
Other matters	2,68,01	3,67,40
	<u>62,20,13</u>	<u>69,50,25</u>

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, 2008 and of the profit of the Company for the year then ended;



(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 30, 2008

ANNEXURE TO THE DIRECTORS' REPORT - I

Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report dated June 30, 2008 for the year ended March 31, 2008

Sr NO	NAME	Age	Designation/ Nature of Duties	Remuneration received (Rupees)	Qualification	Date of Commencement of employment	No. of Years of experience	Last Employment Name of the Company	Held Designation
1.	Mr. Madan Kochhar	72	President	5,517,024	B. A. (Hons) B. Tech	01.10.2005	48 yrs.	A. B. S. (Industrial) Verification (I) Pvt. Ltd.	Country Manager
2	Mrs. Uma Srinivasan	45	Vice President - Finance	3,029,000	B. Com., A.C.A	01.04.2007	21. yrs	Fuchs Lubricants (I) Ltd.	Chief Manager Accounts & Finance
3	Mr. Shrikant Kulkarni	45	General Manager - Operations	2,405,547	Diploma in Engineering	01.07.2007	22. yrs	Global Subtech Ltd.	Project Engineer

Notes :

- The employments are subject to the rules and regulations of the Company as in force from time to time.
- Remuneration includes ,rent free accommodation, house rent allowance, Company's contribution to provident fund and superannuation funds, net expenditure on house, medical and leave travel allowance etc., as well as monetary value of car perquisite as per Income Tax Rules. It excludes provision for accrued leave salary, the Company's contribution to Gratuity Fund and other Gratuity claims settled.

Date : June 30, 2008
Place : Mumbai

FOR AND ON BEHALF OF THE BOARD

REAR ADMIRAL KIRPAL SINGH
CHAIRMAN AND MANAGING DIRECTOR



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 has adopted good governance principles and practices, by order to achieve its objectives and also help to build confidence of the shareholders in the Management of the Company.

1.0 BOARD OF DIRECTORS

The Board consisted of ten (10) Directors as on March 31, 2008.

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
<u>PROMOTER / EXECUTIVE DIRECTORS</u>				
Rear Admiral Kirpal Singh, CMD	4	—	—	—
Mr. Satpal Singh, JMD	5	4	—	—
Mr. Navpreet Singh, JMD	5	1	—	—
<u>PROMOTER / NON-EXECUTIVE DIRECTOR</u>				
Mrs. Manjit Kirpal Singh	2	—	—	—
<u>INDEPENDENT/ NON-EXECUTIVE DIRECTOR</u>				
Mr. S. Sundar	4	—	—	—
Mr. S. Venkiteswaran	6	2	5	1
Mr. Arvind K. Parikh	—	2	—	—
Mr. Bipin R. Shah	4	2	2	2
Mr. Robert D. Petty	14	16	1	—
Dr. Faqir Chand Kohli	4	1	—	—

CMD - Chairman & Managing Director

JMD - Joint Managing Director

None of the Director 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. Sundar and Mr. Bipin R. Shah, 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 the Chief Promoter of the Company.

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

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

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

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

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

He is 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, and a Director in Dolphin Offshore Projects Ltd., Kanika Shipping Ltd. and Procyon Offshore Services Ltd.

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

MRS. MANJIT KIRPAL SINGH

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

Mrs. Manjit Kirpal Singh is one of the original directors of the Company. In the initial stages, she looked after the entire finance and administration functions of the Company as well as supervising the operations in the absence of the Managing Director. She retired as a whole time Director of the Company in 1994, but continues to serve on the Board.

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

She is a member of the Audit Committee.

MR. S. VENKITESWARAN

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

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

He has been a member of the Perspective Planning Group for Ports at the Turn of the Century constituted by the Planning Commission of India. He was also a member of the Committee constituted for updating the laws relating to Admiralty. He is presently re-writing 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 UK, Britannia, London, TT, ITIC SKULD and South of England P&I Clubs. He is on the Board of Directors of the Mundra Port & Special Economic Zone Ltd., Indian Register of Shipping, Lotus India Asset Management Co. Pvt. Ltd., National Securities Clearing Corporation Ltd, Mahagujarat Chamunda Cements Company Pvt. Ltd, Pipavav Shipyard Limited 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 the Chairman and also the Member of Audit Committee of Procyon Offshore Services Ltd. (Wholly Owned Subsidiary) of the Company.

MR. ARVIND K. PARIKH

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

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

After his retirement in 1988, he was on the Board of many prestigious Indian Companies such as Mafatal 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 a Director in Astonfield Management Consultancy Private Limited and Astonfield Sunedison Renewable Power Pvt. Ltd.

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 degree 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, UK. He has chaired important Committees set up by the Government of India including the National Committee on Road Safety and Traffic Management.

He is a Non – Executive Chairman in Horizon Infrastructure Ltd. and a Director in Nandi Infrastructure Corridor Enterprises Ltd., Nandi Economic Corridor Enterprises Ltd. and Nandi Highway Developers Ltd.

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 Marico Industries Ltd., Kotak Mahindra Asset Management Company Ltd, Procyon Offshore Services Ltd, Jyothy Laboratories Ltd., Global Pharamatech Pvt. Ltd and ITTI Pvt. Ltd.

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

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

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

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

He is a Director in Kanika Shipping Limited, Global Dolphin Drilling Company Limited, Dolphin Offshore Projects Limited, Bioseek Diabetes Care (India) Pvt. Ltd., Permastelisa (India) Pvt. Ltd., ECIE Impact Pvt. Ltd., Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd., Dolphin International Risk Services Ltd. and Procyon Offshore Services Ltd.

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

MR. NAVPREET SINGH

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

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

During his career with AA & Co., he handled many diverse assignments such as purchase acquisition review, inventory management, preparation of internal control manuals, review and designing of internal control systems, profit improvement projects, in addition to normal audits. He has also been a member of the faculty at the Firm wide Audit Staff Training School, conducted in Spain for all new recruits in Europe and India on various occasion.

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

He is the Managing Director of Procyon Offshore Services Ltd and a Director in Kanika Shipping Limited, Dolphin Offshore Projects Limited, Dolphin Offshore Enterprises (Mauritius) Pvt. Limited, Global Dolphin Drilling Company Limited and Dolphin International Risk Services Limited.

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



MR. ROBERT D. PETTY

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

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

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

Mr. Petty holds a B.A. in Political Science from Brown University. Mr. Petty is 47 years old and resides in New York with his wife and three children. He serves on the Board of several companies which are Pan Holdings SICAV, EngenderHealth, Jamna Auto Industries Ltd., Pacnet. He is a member of the Audit and Remuneration Committee of Jamna Auto Industries 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 Director of Tata Electric Companies in 1970. During his years with Tata Electric Companies, he introduced advanced engineering and management techniques for the operation of power systems. He was also responsible for significant use of digital computers for power system design and control, using the CDC 3600 mainframe computer at the Tata Institute of Fundamental Research.

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

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

Be it the propagation of computerisation in India at a time when no one 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, UP in 2000, from IIT Bombay in 2004, Jadavpur University, Kolkata in 2004 and IIT Kanpur 2006.

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

He is a Director in Triveni Engineering & Industries Ltd, Triveni Engineering Ltd and Media Lab Asia and a Chairman in WTI Advanced Technology Ltd and ASL Advanced Systems Pvt. Ltd.

He has also received the following awards:

1. Jan 2006 : IT-People Awards for Excellence in Information Technology.
2. Feb 2006 : IIT Kanpur-Honorary Fellow Award.
3. April 2006 : Sand Hill Group Award – Santa Clara.
4. October 2006 : IT/BT convention in Pune on 27th October received "Life Time Achievement" award.
5. Jan 2007 : Ramakrishna Bajaj Award for Good Governance - Rotary Club of Bombay.
6. May 25th 2007 : Queen's University at Kingston to receive the Honorary Degree of Doctor of Science.
7. Jan 2008 : CSI (National Seminar Technovision in collaboration with Indra Group of Institutes at Indra Universe Hinjwadi Pune : Lifetime Achievement Award for valuable contribution to the Indian IT Industry.

1.2 MEETINGS OF THE BOARD

The Board of Directors met 5 times during the year 2007-2008 on the following dates June 22, 2007, July 16, 2007, October 30, 2007, January 31, 2008 and March 28, 2008.

DETAILS OF ATTENDANCE			
Name of the Directors	No. of Board meetings held	No. of meetings attended	AGM Held On September 07, 2007
Rear Adm. Kirpal Singh, CMD	5	4	Yes
Mr. Satpal Singh, JMD	5	5	Yes
Mr. Navpreet Singh, JMD	5	5	Yes
Mrs. Manjit Kirpal Singh, Director	5	2	Yes
Mr. S. Sundar, Director	5	4	Yes
Mr. S.Venkiteswaran, Director	5	3	No
Mr. Arvind K. Parikh, Director	5	5	Yes
Mr. Bipin R. Shah, Director	5	4	No
Mr. Robert D. Petty, Director	5	3	No
Dr. Faqir Chand Kohli, Director	5	5	No

2.0 SUB COMMITTEES OF THE BOARD OF DIRECTORS

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

2.1 AUDIT COMMITTEE

[A] Terms of Reference

- a) Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditors and internal auditors, fixation of audit fees and also approval for payment for any other services.
- c) Reviewing the quarterly / annual financial statements with management before submission to the Board.
- d) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function.
- f) Discussion with internal auditors on any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board, if any.



- h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- k) To oversee compliance with the requirements of Corporate Governance norms of the listing agreement with NSE & BSE.

[B] Composition of Audit Committee

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

Non-Executive - Independent

- (1) Mr. S. Sundar - Chairman
- (2) Mr. Arvind K. Parikh - Member
- (3) Mr. S. Venkiteswaran - Member
- (4) Mr. Bipin R. Shah - Member
(Appointed w.e.f 16th July, 2007)

Non-Executive – Promoter

- (1) Mrs. Manjit Kirpal Singh - Member

[C] Meetings of the Committee

The Audit Committee met 5 times during the year 2007-2008 on the following dates June 22, 2007, July 16, 2007, October 29, 2007, January 30, 2008 and March 28, 2008.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Audit Committee Meetings held	No. of Meetings attended
Mr. S. Sundar	5	4
Mrs. Manjit Kirpal Singh	5	2
Mr. S. Venkiteswaran	5	5
Mr. Arvind K Parikh	5	5
Mr. Bipin R. Shah	3*	2

* No of meetings held since his appointment.

2.2 MANAGING COMMITTEE

[A] Terms of Reference

The Company has formed the Managing Committee in order to:

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

[B] Composition of Managing Committee

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

[C] Meetings of the Managing Committee

The Committee met 7 times during the year 2007-2008 on the following dates:

May 29, 2007, June 05, 2007, July 18, 2007, July 24, 2007, August 28, 2007, December 07, 2007 and January 11, 2008.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Managing Committee Meetings held	No. of Meetings attended
Rear Adm. Kirpal Singh	7	1
Mr. Satpal Singh	7	6
Mr. Navpreet Singh	7	7
Mr. Arvind K. Parikh	7	6

2.3 SHARE TRANSFER COMMITTEE

[A] Terms of Reference

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



[B] Composition of Share Transfer Committee

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

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

The Committee has met number of times during the year.

2.4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

[A] Terms of Reference

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

[B] Composition of Shareholders/Investor Grievance Committee

The Committee comprises of following Directors namely:

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

[C] Meetings of the Shareholders/Investors Grievance Committee

The Committee met 4 times during the year on June 22, 2007, July 16, 2007, October 29, 2007 and January 30, 2008.

DETAILS OF ATTENDANCE		
Name of Directors	No. of Meetings held	No. of Meetings attended
Mr. Arvind K. Parikh	4	4
Mr. Bipin R. Shah	4	3
Mr. Navpreet Singh	4	4

During the year 2007-2008, 17 (Seventeen) Investors / Shareholders complaints have been received by the Company. All these complaints have been attended in time and solved to the satisfaction of the shareholders.

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

2.5 REMUNERATION COMMITTEE

[A] Terms of Reference

To recommend/review the remuneration package of Managing Director/Joint Managing 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 Remuneration Committee

The Committee comprises of following Directors namely:

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

[C] Remuneration Policy

To compensate Managing Director/Joint Managing 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	56,38,409	—	6,68,205
2 Mr. Satpal Singh, JMD	50,41,952	—	5,01,155
3 Mr. Navpreet Singh, JMD	50,23,275	—	5,01,155
4 Mrs. Manjit Kirpal Singh, Director	—	30,000	2,24,338
5 Mr. S. Sundar, Director	—	60,000	2,24,338
6 Mr. S. Venkiteswaran, Director	—	55,000	2,24,338
7 Mr. Arvind K. Parikh, Director	—	1,25,000	2,24,338
8 Mr. Bipin R. Shah, Director	—	65,000	2,24,338
9 Mr. Robert D. Petty, Director	—	30,000	2,24,338
10 Dr. Faqir Chand Kohli, Director	—	50,000	2,24,338

[E] Meetings of the Remuneration Committee :

The Committee did not meet during the year 2007-2008.



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

Mrs. Manjit Kirpal Singh (Promoter) holds 3,84,320 shares of the Company and other non-executive directors do not hold any shares of the Company.

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

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

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

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

2.6 OTHER COMMITTEES

The Company has also appointed 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 MEETINGS

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 400 050.	September 07, 2007 (AGM)	1500 hours	1
b) Hotel Executive Enclave, Pali Hill, Bandra (West), Mumbai – 400 050.	December 19, 2006 (EGM)	1500 hours	-
c) Hotel Motimahal, Turner Road Bandra (West), Mumbai 400 050	September 07, 2006 (AGM)	1500 hours	1
d) Hotel Motimahal, Turner Road Bandra (West), Mumbai 400 050	December 01, 2005 (EGM)	1500 hours	1
e) Hotel Motimahal, Turner Road Bandra (West), Mumbai - 400 050	August 10, 2005 (AGM)	1500 hours	1

4.0 RELATED PARTY DISCLOSURES

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

5.0 NON-COMPLIANCE

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

6.0 MEANS OF COMMUNICATION

*Quarterly results

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

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

7.0 POSTAL BALLOT

There are no resolutions which have been passed through postal ballot during the year.

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 access to Audit Committee.



11.0 GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting : September 29, 2008

Time : 1500 hours
 Venue : M. G. Ghia Hall,
 Second Floor, Bhogilal
 Hargovindas Buidling
 18/20, K. Dubash
 Marg, Kalaghoda
 Mumbai - 400 001.

b) Financial Year : 2007-2008

c) Key Financial Reporting Dates for
 the Financial Year 2008-09

Unaudited First
 Quarterly result : On or before
 July 31, 2008
 Unaudited Second
 Quarterly result: : On or before
 October 31, 2008
 Unaudited Third
 Quarterly result : On or before
 January 31, 2009
 Audited results
 for the Financial : On or before
 June 30, 2009

d) Book Closure date : September 20, 2008 to
 September 29, 2008

e) Dividend Payment
 date : On or before
 October 29, 2008

f) Listing on stock
 exchanges : Equity shares are
 listed on the
 Bombay Stock
 Exchange Limited,
 (BSE) and
 National Stock
 Exchange of India
 Limited (NSE),
 Mumbai
 Foreign Currency
 Convertible Bonds are
 listed on Singapore
 Stock Exchange

g) Stock code : 522261 (BSE) and
 DOLPHINOFF (NSE)

h) International
 Securities Identifying
 Number (ISIN)
 (Shares) : INE 920A01011

i) International Securities
 Identifying
 Number (ISIN)
 (Foreign Currency
 Convertible Bonds) : XS0239362162

j) Market Price Data HIGH/LOW during each
 month from April 2007 to March 2008. (BSE)

PERIOD – 2007-08	HIGH	LOW
APRIL 2007	227.00	178.00
MAY 2007	256.45	188.65
JUNE 2007	253.00	201.00
JULY 2007	308.00	237.15
AUGUST 2007	256.70	212.10
SEPTEMBER 2007	266.00	225.00
OCTOBER 2007	265.00	205.55
NOVEMBER 2007	338.00	204.00
DECEMBER 2007	363.95	265.00
JANUARY 2008	356.00	210.00
FEBRUARY 2008	250.00	182.00
MARCH 2008	232.00	162.10

Market Price Data HIGH/LOW during each
 month from April 2007 to March 2008 (NSE).

PERIOD – 2007-08	HIGH	LOW
APRIL 2007	226.00	176.30
MAY 2007	253.50	186.20
JUNE 2007	253.00	214.00
JULY 2007	308.90	230.00
AUGUST 2007	259.00	205.80
SEPTEMBER 2007	280.00	227.10
OCTOBER 2007	270.00	196.10
NOVEMBER 2007	339.00	201.00
DECEMBER 2007	386.35	256.20
JANUARY 2008	358.95	200.00
FEBRUARY 2008	262.10	190.00
MARCH 2008	239.95	158.00

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



- l) Share Transfer : Share transfer requests System received in physical form are registered within an average period of 30 days. A Share Transfer Committee comprising members of the Board meets atleast once in fortnight to consider the transfers of the shares. Request for dematerialisation (demat) received from the shareholders are effected within an average period of 21 days.

TTC Industrial Area,
Koperkhairne, Navi
Mumbai
Tel.Nos: 27780507/
27780973

- : Project Workshop
(Leased)
R-15, Rabale, T.T.C.
Industrial Area, M.I.D.C.,
Navi Mumbai
Tel No.:65145412
- : Diving Workshop
(Leased) D/307
TTC Industrial Area,
MIDC, Sanpada Navi
Mumbai 400 313
Tel. No. : 65165997/98

m) DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2008

Sr. No.	Category	No. of Shares Held	Percentage (%)
1.	Promoters	63,25,617	66.13
2.	Body Corporates	12,29,633	12.86
3.	NRI	39,655	0.42
4.	Govt / Financial Institution	—	—
5.	Indian Public	19,70,028	20.59
6.	FII's	—	—
7.	Directors other than Promoters	—	—
	Total	95,64,933	100.00

- q) Address for Correspondence : 1001, Raheja Centre,
214, Nariman Point,
Mumbai 400 021
Tel.Nos:22832226/34
Fax No: 22875403

email : customer@dolphinoffshore.com

Investor Complaints ID : investors@dolphinoffshore.com

Note : Promoters include 615200 shares i.e. 6.43% held by NRI relative.

- n) Dematerialisation : 8998774 equity shares which constitute 94.08% of the paid up capital as on March 31, 2008 have been dematerialized.

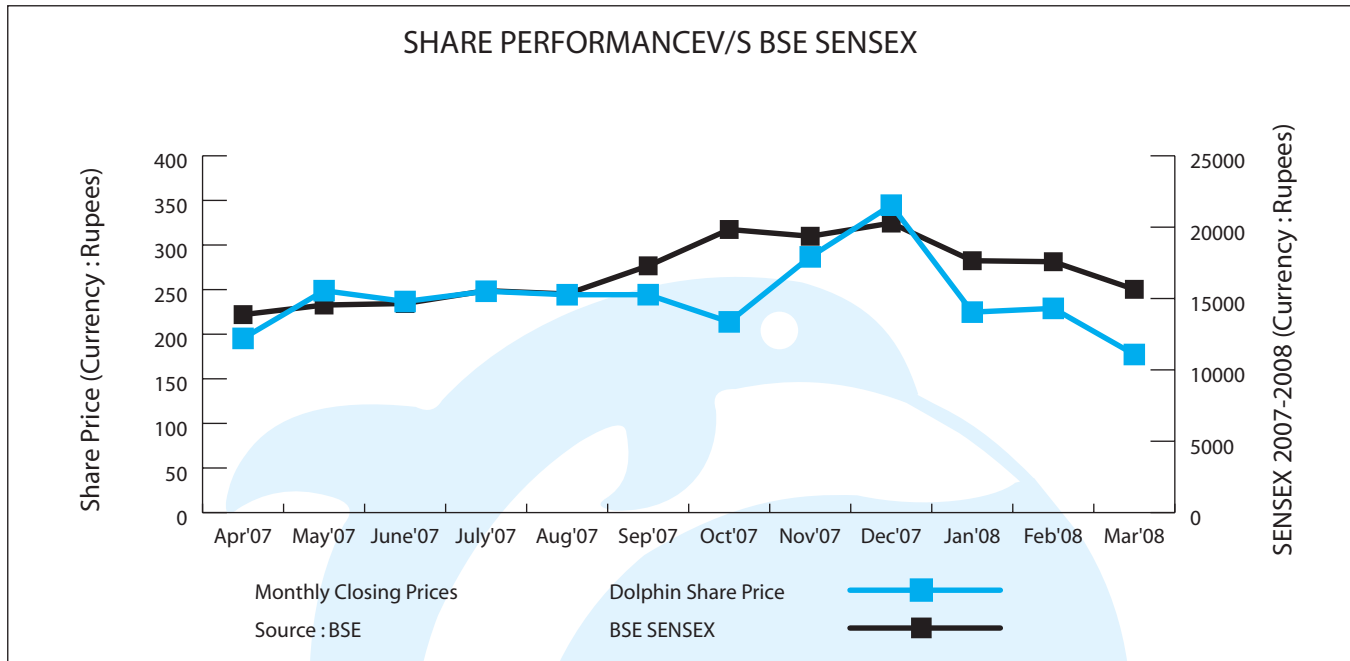
- o) Corporate Office : L.I.C. Building
Plot No. 54, Sector 11
Next to K - Star Hotel
C.B.D. Belapur (East)
Navi Mumbai – 400 614
Tel.No : 6602 6602
Fax No: 6602 6603

- p) Workshop Location : The Company has five Workshops, namely:
: Project Workshops (Owned)
A-78 & W221, MIDC

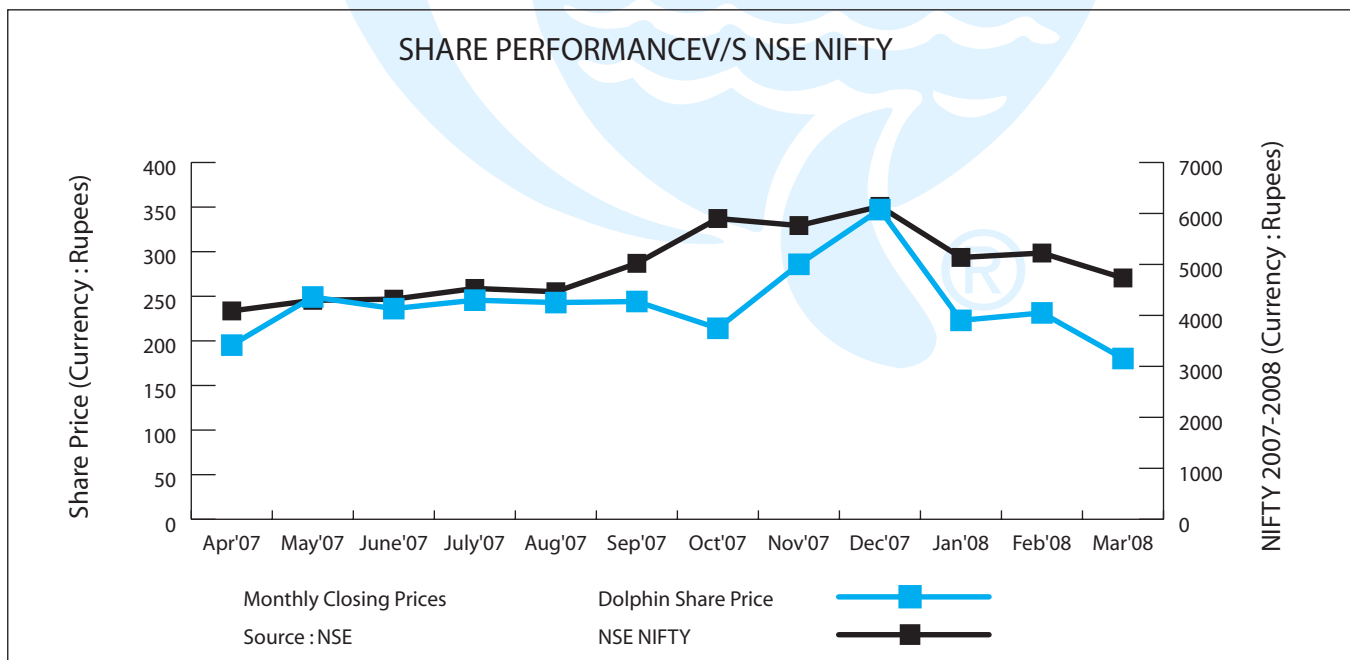
- r) Website : www.dolphinoffshore.com
- s) Transfer of unclaimed amounts to Investor Education and Protection Fund:
During the year unclaimed dividend of Rs. 67,400/- for the Financial year 1999-2000 was transferred to the Investor Education and Protection Fund on 26-06-2007.
- t) The Company has issued US\$ 15 million Foreign Currency Convertible Bonds (FCCBs) on December 22, 2005. These FCCBs are listed on Singapore Stock Exchange, out of which 20% i.e. US\$ 3 million were converted into 6,04,933 shares of Rs. 10/- each at a premium of Rs. 215/-. The balance US\$ 12 million Foreign Currency Convertible Bonds may convert into shares on or before December 23, 2010.
- u) The Compliance Officer is Mr. V. Surendran, Company Secretary.



Share Performance v/s BSE Sensex



Share Performance v/s NSE Nifty





**DECLARATION BY THE CHIEF EXECUTIVE 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.

Place: Mumbai
Date: June 30, 2008

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

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

To the Members of Dolphin Offshore Enterprises (India) Limited,

We have examined the compliance of conditions of Corporate Governance by Dolphin Offshore Enterprises (India) Limited ('the Company') for the year ended 31st March 2008, 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that 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: June 30, 2008

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** ('the Company') as at 31st March 2008 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 Statement 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 Statement dealt with by this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 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 31st March 2008, and taken on record by the Board of Directors of the Company, we report that none of the directors are disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) 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 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 31st March, 2008;
 - (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

Place: Mumbai
Date: 30th June, 2008

Membership No. : 17000



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 31st March 2008. We report that:

Fixed Assets:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of 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 a Company covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum balance and year end balance in respect of such loan is Rs. 4,007.89 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 loan has been granted to Company 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 the aforesaid loan.
7. According to the information and explanations provided to us by the management, the Company has taken unsecured loan from eleven 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. 266.75 lakhs and Rs 254.25 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 generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Wealth Tax, Custom Duty and any other statutory dues with the appropriate authorities.
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 31st March 2008 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	48.29 lakhs	April- Sept 2007	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 of Rs 13.82 lakhs for which appeal is pending before Income Tax Appellate Tribunal [ITAT].

Potentially Sick Company:

18. There are no accumulated losses as at 31st March 2008. 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. According to the information and explanations provided to us, the Company has given guarantee for loan taken by wholly owned subsidiary from bank. 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: 30th June 2008



BALANCE SHEET AS AT MARCH 31, 2008 (Currency: Thousands of Indian rupees)

	Schedules	2008	2007
SOURCE OF FUNDS			
Shareholders' Funds -			
Share capital	1	95,649	89,600
Reserves and surplus	2	641,569	383,773
		737,218	473,373
Loan Funds -			
Secured loans	3	450,606	439,374
Unsecured loans	4	1,141,255	745,275
		1,591,861	1,184,649
Deferred tax liability (net)	5	45,440	28,964
		2,374,519	1,686,986
APPLICATION OF FUNDS			
Fixed Assets -			
At cost	6, 18 A(a)	776,063	697,892
Less: Accumulated depreciation		(277,633)	(229,316)
		498,430	468,576
Add: Capital work In progress		787	17,244
Net fixed assets	6, 18 A(a)	499,217	485,820
Investments	7, 18 A(b)	149,832	147,332
Current Assets, Loans and Advances -			
Sundry debtors	8, 18 L	1,695,021	1,266,160
Cash and bank balances	9	79,277	155,134
Other current assets	10	278,003	235,438
Loans and advances	11	562,482	237,164
		2,614,783	1,893,896
Less: Current Liabilities and Provisions			
Current liabilities	12, 18 L	(861,337)	(799,087)
Provisions	13	(27,976)	(40,975)
Net current assets		1,725,470	1,053,834
		2,374,519	1,686,986

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

As per our attached report of even date

For HARIBHAKTI & CO.
Chartered Accountants
Chetan Desai
Partner

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 30, 2008



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2008

(Currency: Thousands of Indian rupees)

	<u>Schedules</u>	<u>2007-2008</u>	<u>2006-2007</u>
Revenues	18 A(c)	2,277,047	2,058,077
Operating expenses	14, 18 A(c)	(1,746,544)	(1,597,543)
Gross operating profit		530,503	460,534
General and administrative expenses	15	(231,031)	(130,346)
Net operating profit		299,472	330,188
Miscellaneous income	16	139,002	15,263
Profit before interest and depreciation		438,474	345,451
Interest expenses	18 D	(120,696)	(63,334)
Depreciation	6, 18 A(a)	(69,437)	(48,692)
Net profit before tax		248,341	233,425
Provision for taxation	17	(85,756)	(85,100)
Net profit after tax		162,585	148,325
Profit and loss account - opening balance		79,173	106,727
Less: Dividend paid to FCCB holders for 2006-07, including dividend tax Rs.2.57 lacs thereon		(1,769)	-
Effect of transitional provision of AS 15		(5,105)	-
Transfer to general reserve		(16,300)	(15,000)
Bond redemption reserve		(73,793)	(134,672)
Less: Proposed dividend		(23,912)	(22,400)
Tax on dividend		(4,064)	(3,807)
Profit and loss account - closing balance		116,815	79,173
EARNINGS PER EQUITY SHARE (Face value Rs. 10/- per share)			
Basic earnings per equity share	18 I	17.34	16.55
Diluted earnings per equity share	18 I	13.71	12.56

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 30 , 2008



SCHEDULES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2008

(Currency: Thousands of Indian rupees)

	2008	2007
1. SHARE CAPITAL:		
Authorised		
2,50,00,000 equity shares of Rs. 10 each	250,000	250,000
Issued, subscribed and paid up		
95,64,933 (2007 - 89,60,000) equity shares of Rs. 10/- each fully paid.	95,649	89,600
[Note : The share capital includes 6,04,933 equity shares of Rs. 10/- each issued to FCCB holders on conversion of 20 % of bonds)		
2. RESERVES AND SURPLUS:		
General reserve-		
Opening balance	125,000	110,000
Add: Transfer from profit and loss account	16,300	15,000
Closing balance	141,300	125,000
Bond redemption reserve		
Opening balance	171,200	36,528
Add: Transfer from profit and loss account	73,793	134,672
Closing balance	244,993	171,200
Share premium account		
Opening balance	8,400	42,000
Less : Utilisation for issue of bonus shares	-	(33,600)
Add: Additions on conversion of 20% FCCB Bonds into equity shares	130,061	-
	138,461	8,400
Profit and loss account	116,815	79,173
	641,569	383,773
3. SECURED LOANS:		
Cash credit from scheduled banks	358,873	388,320
Loans from companies & banks	9,954	4,129
Term loans from banks	81,779	46,391
Interest accrued and due	-	534
	450,606	439,374

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.
- Loan from companies & banks include loans of Rs. 99.28 lacs (2007 - Rs. 38.42 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. 39,53.85 lacs (2007 - Rs. 40,64.40 lacs)



4. UNSECURED LOANS:

Foreign currency convertible bonds:

0.5% Foreign currency convertible bonds redeemable - 2010

Fixed deposits:

From Shareholders & others

Short term loans and advances :

From directors

From companies

From banks

	2008	2007
	539,280	674,100
	4,600	5,750
	14,275	14,525
	83,100	50,900
	500,000	-
	<u>1,141,255</u>	<u>745,275</u>
	143,139	87,866
	(9,452)	(2,651)
	133,687	85,215
	33.99%	33.99%
	<u>45,440</u>	<u>28,964</u>

Note : Fixed deposits repayable within one year amount to Rs.23.50 lacs (2007 - Rs. 27.50 lacs)

5. DEFERRED TAX LIABILITY (NET) :

Difference between book and tax depreciation

Provision for leave encashment

Net impact on timing difference

Effective tax rate

Deferred tax (asset)/liability

6. FIXED ASSETS:

	Premises	Plant & machinery	Office equipment	Furniture & fixtures	Motor cars	Computer	Vessels	Total
Cost								
Beginning of the year	43,295	232,530	4,267	4,938	20,926	17,814	374,122	697,892
Addition in the year	78,339	144,058	9,036	13,131	1,769	12,162	7,937	266,432
Deletion in the year	(1,016)	-	-	-	(1,673)	-	(185,572)	(188,261)
End of year	<u>120,618</u>	<u>376,588</u>	<u>13,303</u>	<u>18,069</u>	<u>21,022</u>	<u>29,976</u>	<u>196,487</u>	<u>776,063</u>
Depreciation								
Beginning of the year	16,207	94,393	2,522	3,424	12,163	10,281	90,326	229,316
For the year	3,846	29,723	951	1,514	2,547	5,006	25,850	69,437
Retirements	(557)	-	-	-	(1,513)	-	(19,050)	(21,120)
End of year	<u>19,496</u>	<u>124,116</u>	<u>3,473</u>	<u>4,938</u>	<u>13,197</u>	<u>15,287</u>	<u>97,126</u>	<u>277,633</u>
Net block								
Current year	101,122	252,472	9,830	13,131	7,825	14,689	99,361	498,430
Add :CWIP	-	-	-	-	-	-	-	787
	<u>101,122</u>	<u>252,472</u>	<u>9,830</u>	<u>13,131</u>	<u>7,825</u>	<u>14,689</u>	<u>99,361</u>	<u>499,217</u>
Previous year	27,088	138,137	1,745	1,514	8,763	7,533	283,796	468,576
Add: CWIP	-	-	-	-	-	-	-	17,244
	<u>27,088</u>	<u>138,137</u>	<u>1,745</u>	<u>1,514</u>	<u>8,763</u>	<u>7,533</u>	<u>283,796</u>	<u>485,820</u>

Note:

- The cost of fixed assets as at March 31, 2008 includes fixed assets of cash value of Rs. 168.27 lacs (2007- Rs. 69.26 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 (2007- Rs.78.62 lacs)



	2008	2007
7. INVESTMENTS:		
Short term quoted		
<u>In mutual funds</u>		
250,000 units of SBI - Infrastructure Fund - I- Growth Long term unquoted at cost	2,500	-
<u>In subsidiary companies</u>		
29,980 (2007 - 29,980) equity shares of Global Dolphin Drilling Co. Ltd. of Rs 10 each	300	300
25,000 (2007 - 25,000) equity shares of Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd. of US Dollar 1 each	1,145	1,145
4,99,994 (2007- 499,994) equity shares of Dolphin International Risk Services Ltd. of Rs 1. Each	500	500
24,000 (2007- 24,000) equity shares of Procyon Offshore Services Ltd. of Rs. 100 each	145,387	145,387
	149,832	147,332
The net book value of investments in Dolphin Offshore (Mauritius) Pvt. Ltd. as on 31.3.2008 as per their books of account is (-) US\$ 737,588 (2007 - US\$ 79,281) equivalent to (-) Rs.295.92 lacs (2007 - Rs. 45.26 lacs) at historic rate of exchange.		
8. SUNDRY DEBTORS:		
(Unsecured, considered good)		
Outstanding for less than six months	682,710	931,943
Outstanding for more than six months	1,012,311	334,217
	1,695,021	1,266,160
9. CASH AND BANK BALANCE:		
Cash on hand	588	325
Balance with scheduled banks -		
in current accounts	33,690	14,689
in fixed deposit accounts	44,999	140,120
	79,277	155,134

Note:

1. The fixed deposit receipts of Rs. 449.99 lacs (2007 - Rs. 314.95 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. Nil (2007 - Rs. 10,86.25 lacs) have been deposited with the 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. 6.00 lacs (2007 - Rs. 5.26 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.



	<u>2008</u>	<u>2007</u>
10. OTHER CURRENT ASSETS: (Unsecured, considered good)		
Insurance claim receivable *	33,028	-
Billable costs	16,800	22,976
Accrued income	228,175	212,462
	<u>278,003</u>	<u>235,438</u>
<p>* Insurance claim receivable represent amounts claimed from Insurance Companies to cover the cost of repairs/spares etc on damages caused to the Company's vessel and the management is confident that the same will be realised in due course.</p>		
11. LOANS AND ADVANCES: (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received:		
From group companies	400,789	210,225
From others	120,320	15,822
Taxes paid, net	31,091	-
Deposits	10,282	11,117
	<u>562,482</u>	<u>237,164</u>
12. CURRENT LIABILITIES:		
Sundry creditors *	602,408	411,376
Bills/Letters of credit payable	178,767	246,152
Accrued expenses	20,297	80,739
Unclaimed dividend **	601	526
Other current liabilities	59,264	60,294
	<u>861,337</u>	<u>799,087</u>
<p>* There are no amounts due to Micro, Small and Medium Enterprises units (2007 - Nil) as indicated by the Management.</p> <p>** If dividends remain unclaimed, they will be transferred to the Investors Education and Protection Fund on due dates. During the year Rs. 67,400 (2007 - Rs. 69,762) has been transferred to Investors Education and Protection Fund.</p>		
13. PROVISIONS:		
Provision for taxation, net	-	14,768
Proposed dividend	23,912	22,400
Tax on proposed dividend	4,064	3,807
	<u>27,976</u>	<u>40,975</u>



	2007-08	2006-07
14. OPERATING EXPENSES:		
Employee costs	57,842	35,750
Subcontractor charges	480,186	439,531
Vessel charter and related cost	868,868	641,892
Equipment related expenses	81,650	97,186
Materials, stores and spares	162,669	292,887
Travel and conveyance expenses	17,255	26,800
Financial expenses	14,525	8,238
Other operating expenses	63,549	55,259
	1,746,544	1,597,543
15. GENERAL AND ADMINISTRATIVE EXPENSES:		
Employee costs	46,205	47,234
Rents, rates and taxes	13,347	1,665
Office related expenses	16,353	8,476
Travel and conveyance	7,779	10,049
Vehicle expenses	5,741	4,097
Promotional expenses	4,422	7,272
Legal and professional fees	34,002	27,622
Bad debts	59,363	5,912
Loss in foreign exchange, net	37,015	10,747
Other general & administrative expenses	6,804	7,272
	231,031	130,346
16. MISCELLANEOUS INCOME:		
Interest received	5,590	13,410
Profit on sale of assets	129,700	80
Sundry income	3,712	1,773
	139,002	15,263
17. PROVISION FOR TAXATION, NET:		
Provision for income tax	67,500	74,112
Provision for wealth tax	75	82
Provision for deferred tax	15,181	6,945
Provision for fringe benefit tax	3,000	2,400
	85,756	83,539
Add : Provision for tax of earlier years, provided	-	1,561
	85,756	85,100



18. NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

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 cash flow expected from the use of the asset) is lower than its carrying cost. If such indication exists, the carrying amount of such asset is lowered to the recoverable value and the reduction is treated as an impairment loss and is recognised in the profit and loss account.

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

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

Leasehold land and improvement thereon are amortised over the lease period.

[b] Investments -

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

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

[c] Recognition of Revenue and Expenses -

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

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

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

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

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

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

[e] Foreign currency transactions -

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

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

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



B. Disclosure Under AS – 15 (Revised 2005)

Employee Benefits

The Company has adopted Accounting Standard (AS – 15) (Revised 2005) “Employee Benefits” effective from April 01, 2007. Consequent to the adoption and in accordance with the transitional provision of the Accounting Standard, an amount of Rs. 51.05 lacs (net of deferred tax Rs.38.10 lacs adjusted against general reserve) is provided for.

I. Defined Contribution Plans

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

- a. Defined contribution plans
- b. Provident fund
- c. Superannuation fund
- d. State defined contribution plans
- e. Employers’ contribution to employees’ state insurance
- f. Employers’ contribution to employees’ pension scheme 1995

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

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

Particulars

Employer’s contribution to provident fund	84,26
Employer’s contribution to superannuation fund	8,54
Employer’s contribution to employees state insurance	24,48
Employer’s contribution employees’ pension Scheme 1995	*

Amount (Rs.‘ In 000)
84,26
8,54
24,48
*

* Included in ‘Employer’s Contribution to Provident Fund

II. Defined Benefit Plans

- a. Contribution to Gratuity Fund (Funded Scheme)
- b. Leave Encashment (Non – Funded Scheme)

Leave Encashment is payable to eligible employees who have earned leave, on separation as per the Company’s policy.

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

Particulars	Funded Scheme	Non-Funded Scheme
	Gratuity	Leave Encashment
Discount Rate (per annum)	8%	8%
Rate of increase in compensation levels (per annum)	4%	10%



A. Change in the present value of obligation

Particulars	Year Ended March 31, 2008	
	Funded Scheme Gratuity (Rs'in 000)	Non - Funded Scheme Leave Encashment (Rs'in 000)
Present value of defined benefit obligation as at beginning of the year	49,66	64,61
Interest cost	3,72	5,01
Current service cost	5,11	9,99
Benefits paid	(9,56)	(3,97)
Actuarial (gain) / loss on obligations	8,68	18,88
Present value of defined benefit obligation as at the end of the year	<u>57,61</u>	<u>94,52</u>

B. Changes in the Fair Value of Plan Assets (For Funded Scheme)

Particulars	Year Ended March 31, 2008	
	(Rs'in 000)	
Present value of plan assets as at beginning of the year	42,18	
Expected return on plan assets	4,58	
Contributions	20,60	
Benefits paid	(9,56)	
Actuarial gains / (losses)	-	
Assets distributed on settlement	-	
Fair Value of Plan Assets as at end of the year	<u>57,80</u>	

C. Reconciliation of present value of defined benefit obligation and the fair value of assets

Particulars	Year Ended March 31, 2008	
	Gratuity (Rs'in 000)	Leave Encashment (Rs'in 000)
Present value of funded obligation as at end of the year	57,61	-
Fair value of plan assets as at end of the year	57,80	-
Funded asset as at the balance sheet date	<u>(19)</u>	-
Unfunded liability recognised in the balance sheet	-	<u>94,52</u>



1. Amount recognised in the Balance Sheet

Particulars	Year Ended March 31, 2008	
	Funded Scheme Gratuity (Rs'in 000)	Non - Funded Scheme Leave Encashment (Rs'in 000)
Present value of defined benefit obligation as at the end of the period	57,61	94,52
Fair value of plan assets as at the end of the period	(57,80)	-
Liability / (Net Asset) as at the end of the year	<u>(19)</u>	<u>94,52</u>

2. Expenses recognised in Profit and Loss Account

Particulars	Year Ended March 31, 2008	
	Funded Scheme Gratuity (Rs'in 000)	Non - Funded Scheme Leave Encashment (Rs'in 000)
Current service cost	5,11	9,99
Past service cost	-	38,10
Interest cost	3,72	5,01
Expected return on plan assets	(4,58)	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (gain) / loss recognised in the period	8,68	18,88
Total Expenses recognised in the Profit and Loss Account	<u>12,93</u>	<u>71,98</u>

3. Actual return on plan assets

Particulars	Year Ended March 31, 2008	
	(Rs'in 000)	
Expected Return on Plan Assets	4,58	
Actuarial gains / (losses) on Plan Assets	-	
Actual Return on Plan Assets	<u>4,58</u>	

The plan assets of the Company as on balance sheet date are fully invested in Insurer managed funds.



C. Contingent Liabilities:

- a) 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 31.03.2008, there is an unrealised gain in foreign exchange of Rs 5,77.80 lacs (2007 – Rs. 2,19.00 lacs) on value of bonds, while the yield to year end is Rs. 5,31.85 lacs (2007 – Rs. 5,00.63 lacs).
- b) As at March 31, 2008 the Company had contingent liabilities in respect of bank guarantees, issued to their customers of Rs. 25,10.84 lacs (2007 - Rs 18,11.72 lacs) of which Rs. 24,65.02 lacs (2007 – Rs 17,77.46 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.
- c) 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\$ 20 million (2007 – US\$ 9.30 million)
 As at March 31, 2008, the Company had already given unsecured loan of US\$ 9.17 million (2007- US\$ 4.83 million) and the balance will be paid during the future financial years.
- d) The Company has appealed the award of the Income Tax Appellate Tribunal (ITAT) on the block assessment of the Company under Sec. 158BC of Income Tax Act, 1961 raising a demand of Rs 52.97 lacs (2007 – 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 up to the date the asset is ready to be used is included in the cost of the asset, if they are significant.

Amount capitalised to office premises and plant and machinery are as follows:

Particulars	Amount (Rs. In 000s)	
	2007-2008	2006-2007
Stamp duty	16,13	-
Interest on loan	4,25	-
TOTAL	20,38	-

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

Particulars	Amount (Rs. In 000s)	
	2007-2008	2006-2007
Interest on fixed deposits/ term loans	94,05	74,30
Interest on FCCB	25,34	33,90
Other interest expenditure	10,87,57	5,25,14
Total borrowing costs	12,06,96	6,33,34



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 as identified by management 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. Ltd. | – 59.96 % subsidiary |
| iv) Dolphin Offshore Enterprises (Mauritius) Private Limited
(Formerly known as Marwa Offshore Enterprises (Mauritius) Pvt Limited) | – 100.00 % subsidiary |
| v) Dolphin International Risk Services Limited | – 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 Chandran
- 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:

(Rs. in '000)

NATURE OF TRANSACTIONS	TRANSACTIONS DURING THE YEAR		OUTSTANDING BALANCE AS AT MARCH 31, 2008	
	2007-08	2006-07	RECEIVABLE	PAYABLE
Companies under common control, including subsidiaries			40,07,89	3,66,44
Contract Revenue		43		
Subcontractor charges paid	56,92	3,16,79		
Hire charges paid	3,33,70	37,70		
Rent paid	1,30	2,59		
Rent Deposit Refund	(2,00)	-		
Interest paid	10,69	6,61		
Loans	17,69,36	22,98,53		
Key Management Personnel				1,24,45
Remuneration	1,57,04	2,62,27		
Interest paid	12,94	9,99		
Rent paid	3,19	6,38		
Refund Deposit for rent	(5,00)	-		
Unsecured loans received (repaid),net	(2,50)	35,00		
Relatives of Key Management Personnel				67,74
Commission	2,24			
Interest paid	7,87	7,38		
Fixed deposits received (repaid),net	12,50	8,25		
Companies controlled by Relatives of Key Management Personnel				1,01
Rent paid	1,30	2,59		
Rent Deposit refund	(2,00)			

(Rs. in '000)

	Subcontract charges/ Contract Revenue	Unsecured loan/Fixed Deposit	Hire Charge/ Rent Paid	Interest paid	Rent/ (Refund of deposit)	(Receivables) Payables
Companies under common control, including subsidiaries						
Kanika Shipping Limited	12,00	(10,00)		4,31		41,70
Dolphin Offshore Projects Limited		15,00	39,07	6,38	1,30 (2,00)	83,57
Dolphin Offshore Enterprises [Mauritius] Private Limited	44,92	17,64,36				(39,82,04)
Procyon Offshore Services Limited		60,00 (60,00)	2,94,63			2,15,32



Material related transactions :

(Rs. in '000)

	Unsecured loan / Fixed Deposit	Rent Paid	Interest paid	Remuneration	Rent Deposit Refund	(Receivables) Payables
Key Management Personnel						
Rear Admiral Kirpal Singh			3,00	56,38		31,68
Mr. Satpal Singh		1,59	6,24	50,42	(2,50)	57,01
Mr. Navpreet Singh	2,50	1,59	3,70	50,23	(2,50)	35,76
	2,50	3,18	12,94	1,57,03	(5,00)	1,24,45
Relatives of Key Management Personnel						
Mrs. Manjit Kirpal Singh			4,20	2,24		37,24
Mrs. Prabha Chandran	3,00		36			3,00
Ms. Rishma Singh	1,50		36			3,00
Master Rohan Singh	1,50		42			3,50
Mrs. Ritu Singh			36			3,00
Master Tarun Singh	3,50		1,29			10,75
Master Akhil Singh	3,00		87			7,25
	12,50		7,87	2,24		67,74
Companies controlled by Relatives of Key Management Personnel						
Oakland Trading Private Limited		1,29			(2,00)	

Notes

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

G. Hire Purchase Agreements –

The Company has purchased assets under hire purchase arrangements which are repayable within three years from the dates of agreement. During the year, the Company has paid instalments of Rs. 41.01 lacs (2007 – Rs.36.36 lacs). The Company has a future liability of Rs. 1,16.02 lacs (2007 – Rs 48.30 lacs) towards the said agreements, of which Rs 58.08 lacs (2007 - Rs. 22.47 lacs) is payable within one year.

H. Operating Lease commitments –

The minimum amounts payable in future towards non-cancelable lease agreements are as follows:

Particulars	Amount (Rs '000)
Not later than one year	66,05
Later than one year not later than five years	2,64,23
Later than five years	2,47,72
TOTAL	5,78,00



Amount (Rs. '000)

I. Earnings per share –

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

		2007-2008	2006-2007
Net profit after tax for the year	(Rs' in 000's)	16,25,85	14,83,25
Add : Interest to be saved on conversion of bonds to shares	(Rs' in 000's)	16,73	22,49
Diluted net profit for the year	(Rs' in 000's)	16,42,58	15,05,74
Number of Ordinary shares	(No.s in 000's)	95,65	89,60
Weighted average shares (Basic)	(No.s in 000's)	93,74	89,60
Weighted average shares (Diluted)	(No.s in 000's)	1,19,85	1,19,85
Basic earnings per share	(Rs.)	17.34	16.55
Diluted earnings per share	(Rs.)	13.71	12.56

Calculation of weighted average number of shares

* Number of Ordinary shares		89,60	56,00
Number of Bonus shares issued during the year		-	33,60
Number of shares converted during the year		6,05	0
Total Number of shares		95,65	89,60
Add : Deemed conversion of bonds to shares US\$ 12,000,000 @ Rs. 45.37/- conversion price of Rs. 225 per share		24,20	30,25
** Weighted average shares (Diluted)		1,19,85	1,19,85

J. Additional disclosures required under Schedule VI:

[a] Remuneration to Directors, including Managing Director-

Salary		1,33,44	1,33,44
Perquisites		6,90	2,80
Commission - Wholetime Directors-		16,70	1,26,04
Other Directors		15,70	26,22
		1,72,74	2,88,50

Calculation of adequacy of profits for Directors' Commission

Net Profit before tax		24,83,41	23,34,25
Less : Profit on sale of assets (In excess of cost)		(10,85,79)	-
Add : Directors' remuneration		1,72,74	2,88,50
Profit for calculation of Directors Commission		15,70,36	26,22,75
Directors remuneration at 11%		1,72,74	2,88,50



Amount (Rs. '000)

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

	<u>2007-2008</u>	<u>2006-2007</u>
[i] As Auditors		
- Statutory auditors	7,00	4,50
- Tax auditors	1,50	1,00
[ii] Fees for other services		
- Taxation matters	-	-
- Limited Review Fees	1,50	75
- Certification Fees	65	53
- Service Tax on (i) and (ii)	1,31	84
[iii] Out of pocket expenses -	02	22
	<u>11,98</u>	<u>7,84</u>

[c] Operating Expenses and General & Administration Expenses include

Rent	81,52	13,00
Repairs & Maintenance		
- Building	12,00	47,67
- Machinery	28,00	21,47
- Vessels	1,80,57	2,10,58
- Others	42,38	38,55
	<u>2,62,95</u>	<u>3,18,27</u>
Employee's remuneration and benefits		
- Salaries, Wages, Bonus, allowances and others	8,28,42	5,60,48
- Contribution to P.Fund and other funds	1,26,21	74,80
- Employee's Welfare and other Amenities	22,28	24,50
	<u>9,76,91</u>	<u>6,59,78</u>
Insurance		
- Personnel	16,22	17,80
- Others	88,35	2,19,58
	<u>1,04,57</u>	<u>2,37,38</u>
Rates & Taxes	<u>51,91</u>	<u>3,66</u>



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

(Rs. in '000)

Materials, stores and spares

2007-2008

2006-2007

6,07,90

7,02,82

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

(Rs. In '000)

Indigenous

Imported

2007-2008

2006-2007

Value Percentage

Value Percentage

10,18,79 63.00%

22,26,05 76.00%

6,07,90 37.00%

7,02,82 24.00%

16,26,69 100.00%

29,28,87 100.00%

[f] Expenditure in foreign currency -

(Rs in '000)

Plant & Machinery

Vessels

Foreign subcontractors

Vessel Charter & Related expenses

Professional fees

Equipment related expenses

Materials, stores and spares

Foreign travel

Other matters

Interest on FCCB

Advance to Wholly owned subsidiary

2007-2008

2006-2007

12,52,85

1,10,89

-

16,07,62

88,71

6,19,42

20,67,00

10,93,89

12,72

44

8,61

1,31,03

6,07,90

7,02,82

74,52

1,61,81

2,29,95

3,33,06

25,34

33,90

18,52,52

21,55,37

62,20,13

69,50,25

[g] Earnings / Borrowing in foreign exchange -

Contract revenues *

Sale of Vessel

Interest received

1,76,52,55

1,10,89,54

29,37,06

-

2,81,27

1,21,35

2,08,70,88

1,12,10,89

* 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. Micro, Small and Medium Enterprises (MSMEs)

The Company had initiated the process of identifying (MSMEs) as per Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available, the Company is of the opinion that there are no entities that can be defined as MSMEs.

L. Debtors and Creditors

Balances in respect of creditors and debtors are subject to confirmation/reconciliation, wherever required.

Sundry Debtors includes an amount of Rs.60,37.01 lacs outstanding for more than 3 years, out of which Rs.55,69.55 lacs will be adjusted against the charter hire of vessel as agreed by the parties and the management is confident of recovering the balance amount.

M. 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. 2 1 3 0 2

State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 0 8

II. Capital raised during the year [Amount Rs. In Thousands]

Public Issue N I L

Rights Issue N I L

Bonus Issue N I L

Private Placement 6 0 4 9 *

* Conversion of 20% FCCB's.

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

Total Liabilities 3 2 6 3 8 3 2

Total Assets 3 2 6 3 8 3 2

Sources of Funds:

Paid-up Capital 9 5 6 4 9

Reserves & Surplus 6 4 1 5 6 9

Secured Loans 4 5 0 6 0 6

Unsecured Loans 1 1 4 1 2 5 5

Application of Funds:

Net Fixed Assets 4 9 9 2 1 7

Investments 1 4 9 8 3 2

Net Current Assets 1 7 2 5 4 7 0

Misc. Expenditure 0

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

Turnover 2 4 1 6 0 4 9
(includes misc. income)

Total Expenditure 2 1 6 7 7 0 8

+Profit/Loss Before Tax 2 4 8 3 4 1

+Profit/Loss After Tax 1 6 2 5 8 5

Earning per Share in Rs. 1 7 . 3 4

Dividend 2 5 %

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

Item code [ITC Code] N . A .

Service Description D I V I N G

Item code [ITC Code] N . A .

Service Description M A R I N E M A N A G E M E N T

Item code [ITC Code] N . A .

Service Description O F F S H O R E T U R N K E Y P R O J E C T S

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 30, 2008



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

Rupees in '000

	2008	2007
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	2,48,341	2,33,425
Adjusted for :		
Depreciation	69,437	48,692
Interest [Net]	115,106	49,923
Profit on sale of fixed assets	(1,29,700)	(80)
Operating profit before working capital changes	3,03,184	3,31,960
Adjustments for :		
Trade and other receivables	(7,65,650)	(7,69,813)
Trade and other payables	58,439	2,63,586
Provisions	—	9,661
CASH GENERATED FROM OPERATIONS	(4,04,026)	(1,64,606)
Direct taxes paid	(1,20,498)	(80,118)
NET CASH FLOW USED IN OPERATING ACTIVITIES	(5,24,525)	(2,44,724)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,66,432)	(2,07,957)
Capital work-in-progress	16,457	(2,725)
Sale of fixed assets	2,96,839	398
Investments made	(2,500)	(1,45,887)
Interest received	5,590	13,410
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES	49,954	(3,42,761)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing, net	(99,432)	(23,510)
Proceeds from short term borrowing, net	5,01,354	1,54,955
Increase [decrease] in lease liabilities	5,825	590
Conversion of FCCB into shares	1,36,110	—
Interest paid	(1,21,231)	(63,494)
Dividend paid	(23,912)	(14,000)
NET CASH FLOW FROM FINANCING ACTIVITIES	3,98,714	54,541
NET DECREASE IN CASH AND CASH EQUIVALENTS	(75,857)	(5,32,944)
CASH AND CASH EQUIVALENTS AS ON 01.04.2007.	1,55,134	6,88,078
CASH AND CASH EQUIVALENTS AS ON 31.03.2008.	79,277	1,55,134

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

Place: Mumbai
 Date: June 30, 2008

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



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 examined the attached Consolidated Balance Sheet of Dolphin Offshore Enterprises (India) Limited and its subsidiaries (hereinafter referred to as 'the Group') as at 31st March 2008 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group 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. 4,722.62 lakhs as at March 31, 2008 and Total Revenue of Rs. 47.90 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.

On the basis of the information and explanations given to us and on the consideration of separate audit reports on individual audited financial statements of the subsidiaries 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 the Group as at 31st March 2008;
- (ii) In the case of the Consolidated Profit and Loss Account, of the profit of the consolidated results of the 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 the Group for the year ended on that date.

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

CHETAN DESAI
Partner
Membership No. : 17000

Place: Mumbai
Date: 30th June 2008



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 [Currency: Thousands of Indian rupees]

	Schedules	2008	2007
SOURCES OF FUNDS			
Shareholders' Funds -			
Share capital	1	95,649	89,600
Reserves and surplus	2	662,269	410,121
		<u>757,918</u>	<u>499,721</u>
Minority Interests		670	656
Loan Funds -			
Secured loans	3	556,397	461,094
Unsecured loans	4	1,141,255	745,275
		<u>1,697,652</u>	<u>1,206,369</u>
Deferred tax liability (net)	5, 19 A(h)	46,867	29,082
		<u>2,503,107</u>	<u>1,735,828</u>
APPLICATION OF FUNDS			
Goodwill on Consolidation			
		114,701	114,701
Fixed Assets -			
At cost	6, 19 A (b)	883,356	811,648
Less: Accumulated Depreciation		(319,053)	(293,896)
		<u>564,303</u>	<u>517,752</u>
Add: Capital work In progress		466,482	188,642
Net Fixed assets		<u>1,030,785</u>	<u>706,394</u>
Investments	7, 19 A(c)	2,701	200
Current Assets, Loans and Advances -			
Sundry debtors	8, 19 J	1,702,003	1,281,300
Cash and bank balances	9	86,665	188,551
Other current assets	10	280,007	238,043
Loans and advances	11	170,551	32,504
		<u>2,239,226</u>	<u>1,740,398</u>
Less: Current Liabilities and Provisions -			
Current liabilities	12	(849,896)	(783,151)
Provisions	13	(34,492)	(42,823)
Net current assets		<u>1,354,838</u>	<u>914,424</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)	14	82	109
		<u>2,503,107</u>	<u>1,735,828</u>

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

As per our attached report of even date

For HARIBHAKTI & CO.
Chartered Accountants
Chetan Desai
Partner

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 30, 2008.



CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2008 [Currency: Thousands of Indian rupees]

	<u>Schedules</u>	<u>2007-2008</u>	<u>2006-2007</u>
Revenues	19 A (d)	2,335,720	2,123,013
Operating expenses	15, 19 A (d)	(1,789,189)	(1,630,365)
Gross operating profit		546,532	492,648
General and administrative expenses	16	(269,152)	(135,683)
Net operating profit		277,380	356,965
Miscellaneous income	17	145,113	16,188
Profit before interest and depreciation		422,493	373,152
Interest expenses		(122,216)	(64,888)
Depreciation	6,19 A (b)	(77,335)	(55,348)
Prior year adjustment -			
Excess provision for depreciation written back		26,224	—
Net profit before tax		249,166	252,916
Less: Minority interest (Share of Loss)		(14)	(16)
Provision for taxation	18	(91,934)	(86,773)
Net profit after tax		157,218	166,127
Profit and loss account - opening balance		93,658	106,573
Less: Dividend paid to FCCB holders for 2006-07, including dividend tax Rs.2.57 lacs thereon		(1,769)	—
Less: Transferred to -			
General reserve		(18,311)	(16,222)
Effect of Transitional provision of AS 15		(5,071)	—
Tonnage tax reserve		(146)	(1,942)
Bond Redemption reserve		(73,793)	(134,672)
Proposed dividend		(23,912)	(22,400)
Tax on Dividend		(4,064)	(3,807)
Profit and loss account - closing balance		123,810	93,658
EARNINGS PER EQUITY SHARE	19 H		
(Face value Rs. 10/- per share)			
Basic earnings per equity share		16.77	18.54
Diluted earnings per equity share		13.26	14.05

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

As per our attached 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 30,2008.



SCHEDULES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2008 [Currency: Thousands of Indian rupees]

	2008	2007
1. SHARE CAPITAL:		
Authorised		
250,00,000 equity shares of Rs. 10 each	250,000	250,000
Issued, subscribed and paid up		
95,64,933 (2007 - 89,60,000) equity shares of Rs. 10/- each fully paid.	95,649	89,600
[Note : The share capital includes 604,933 equity shares of Rs. 10/- each issued to FCCB holders on conversion of 20 % of bonds]		
2. RESERVES AND SURPLUS:		
General reserve-		
Opening balance	126,222	110,000
Add: Transfer from Profit and Loss account	18,311	16,222
Closing balance	144,533	126,222
Bond Redemption reserve		
Opening balance	171,200	36,528
Add: Transfer from Profit and Loss account	73,793	134,672
Closing balance	244,993	171,200
Tonnage Tax Reserve-		
Opening balance	10,653	7,479
Add: Transfer from Profit and Loss account	146	3,175
Closing balance	10,799	10,654
Share premium account-		
Opening balance	8,400	42,000
Less : Utilisation for issue of bonus shares	—	(33,600)
Add: Capitalised on conversion of 20% FCCB Bonds	130,061	—
	138,461	8,400
Profit and loss account	123,811	93,658
Foreign Exchange Translation Reserve	(327)	(13)
	662,269	410,121
3. SECURED LOANS:		
Cash credit from scheduled banks	358,873	388,320
Loans from companies & banks	106,645	4,749
Term loans from banks	90,879	67,491
Interest accrued and due	—	534
	556,397	461,094

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.
- Loan from companies & banks include loans of Rs. 103.31 lacs (2007 - Rs. 44.62 lacs) from banks under hire purchase schemes.
- Term loans from banks is secured by a first charge on the assets financed through the term loan.
- The current portion of loans repayable within one year including cash credit is Rs. 40,28.30 lacs (2007 - Rs.41,86.57 lacs)



4. UNSECURED LOANS:

	2008	2007
Foreign currency convertible bonds - 0.5% Foreign currency convertible bonds redeemable - 2010	539,280	674,100
Fixed Deposits From shareholders & others	4,600	5,750
Short Term Loans and Advances From directors	14,275	14,525
From companies	83,100	50,900
From banks	500,000	—
	1,141,255	745,275

Note: Fixed deposits repayable within one year amount to Rs. 23.50 lacs
(2007 - Rs. 27.50 lacs)

5. DEFERRED TAX LIABILITY (NET) :

Difference between book and tax depreciation	147,338	88,169
Provision for leave encashment	(9,452)	(2,651)
Net impact of timing difference	137,886	85,518
Effective tax rate	33.99%	33.99%
Deferred tax (asset)/liability	46,867	29,082

6. Fixed Asset

	Premises	Plant and Machinery	Office Equipment	Furniture & Fixtures	Motor cars	Computer	Vessels	Total
Cost-								
Beginning of the year	48,897	232,530	4,821	5,753	22,590	18,461	478,596	811,648
Addition in the year	78,339	144,058	9,036	13,131	1,769	12,162	7,937	266,432
Deletion in the year	(1,016)	—	—	—	(2,509)	—	(191,199)	(194,724)
End of year	<u>126,220</u>	<u>376,588</u>	<u>13,857</u>	<u>18,884</u>	<u>21,850</u>	<u>30,623</u>	<u>295,334</u>	<u>883,356</u>
Depreciation -								
Beginning of the year	18,883	94,393	2,859	4,022	12,650	10,363	150,726	293,896
For the year	3,992	29,723	981	1,554	2,810	5,231	33,044	77,335
Retirements	(557)	—	—	—	(1,994)	—	(23,403)	(25,954)
Prior year Depreciation	—	—	—	—	—	—	(26,224)	(26,224)
End of year	<u>22,318</u>	<u>124,116</u>	<u>3,840</u>	<u>5,576</u>	<u>13,466</u>	<u>15,594</u>	<u>134,143</u>	<u>319,053</u>
Net block -								
Current year	103,902	252,472	10,017	13,308	8,385	15,029	161,191	564,303
Add :CWIP	—	—	—	—	—	—	—	466,482
	<u>103,902</u>	<u>252,472</u>	<u>10,017</u>	<u>13,308</u>	<u>8,385</u>	<u>15,029</u>	<u>161,191</u>	<u>1,030,785</u>
Previous year	30,014	138,137	1,962	1,731	9,940	8,098	327,870	517,752
Add: CWIP	—	—	—	—	—	—	—	188,642
	<u>30,014</u>	<u>138,137</u>	<u>1,962</u>	<u>1,731</u>	<u>9,940</u>	<u>8,098</u>	<u>327,870</u>	<u>706,394</u>

Note:

- The cost of fixed assets as at March 31, 2008 includes fixed assets of cash value of Rs. 176.63 lacs (2007- Rs. 77.62 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 (2007- Rs.78.62 lacs)



	2008	2007
7. INVESTMENTS:		
Short term quoted		
In Mutual Funds -		
250,000 units of SBI - Infrastructure Fund - I- Growth	2,500	—
Long Term		
6668 Shares of Bombay Mercantile Bank Ltd. @ 30 per share	200	200
10 Shares of Rizvi Palace @ 50 per share	1	—
	<u>2,701</u>	<u>200</u>
8. SUNDRY DEBTORS:		
(Unsecured, considered good)		
Outstanding for less than six months	687,890	947,037
Outstanding for more than six months	1,014,113	334,263
	<u>1,702,003</u>	<u>1,281,300</u>
9. CASH AND BANK BALANCES:		
Cash on hand	706	862
Balance with scheduled banks -		
in current accounts	38,260	44,052
in fixed deposit accounts	47,699	143,637
	<u>86,665</u>	<u>188,551</u>
1. The fixed deposit receipts of Rs. 449.99 lacs (2007 - Rs. 314.95 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. Nil (2007 - Rs. 10,86.25 lacs) have been deposited with the 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. 6.00 lacs (2007 - Rs. 5.26 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.		
10. OTHER CURRENT ASSETS:		
(Unsecured, considered good)		
Insurance claims receivable *	33,027	—
Billable costs	18,783	25,581
Accrued income	228,197	212,462
	<u>280,007</u>	<u>238,043</u>
* Insurance claims receivable represent amounts claimed from Insurance Companies to cover the cost of repairs/spares etc on damages caused to the Company's vessel and the management is confident that the same will be realised in due course.		
11. LOANS AND ADVANCES:		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	121,117	18,309
Taxes paid (net)	39,015	2,906
Deposits	10,419	11,289
	<u>170,551</u>	<u>32,504</u>
12. CURRENT LIABILITIES:		
Sundry creditors *	587,593	392,446
Bills/Letters of credit payable	178,767	246,152
Accrued expenses	21,141	81,184
Unclaimed Dividend **	601	526
Other current liabilities	61,794	62,843
	<u>849,896</u>	<u>783,151</u>
* There are no amounts due to Micro, Small and Medium Enterprises (2007 - Nil) as indicated by the Management.		
** If dividends remain unclaimed, they will be transferred to the Investors Education and Protection Fund on due dates. During the year Rs. 0.67 Lacs (2007 - Rs. 0.70 Lacs) has been transferred to Investors Education and Protection Fund.		



	2008	2007
13. PROVISIONS:		
Provision for taxation, net	6,516	16,616
Proposed dividend	23,912	22,400
Tax on proposed dividend	4,064	3,807
	<u>34,492</u>	<u>42,823</u>
14. MISCELLANEOUS EXPENDITURE:		
(To the extent not written off or adjusted)		
Preliminary Expenses	109	122
Less: Amortised during the year	(27)	(13)
	<u>82</u>	<u>109</u>
15. OPERATING EXPENSES		
Employee costs	62,482	12,774
Subcontractor charges	496,094	438,113
Vessel charter and related cost	859,870	659,492
Equipment related expenses	82,287	97,942
Materials, stores and spares	171,052	299,957
Travel and conveyance expenses	17,886	27,068
Financial expenses	14,525	8,238
Other operating expenses	84,993	86,781
	<u>1,789,189</u>	<u>1,630,365</u>
16. GENERAL AND ADMINISTRATIVE EXPENSES:		
Employee costs	48,557	48,457
Rents,rates and taxes	13,494	1,851
Office related expenses	16,353	8,425
Travel and conveyance	7,836	10,119
Vehicle expenses	5,767	4,186
Promotional expenses	4,422	7,272
Legal and professional fees	35,247	30,396
Bad debts, net	59,377	5,912
Loss in foreign exchange, net	70,264	10,290
Other general & administrative expenses	7,836	8,775
	<u>269,152</u>	<u>135,683</u>
17. MISCELLANEOUS INCOME:		
Interest received	5,834	13,724
Profit on sale of assets	134,897	64
Sundry income	4,383	2,400
	<u>145,113</u>	<u>16,188</u>
18. PROVISION FOR TAXATION, NET:		
Provision for income tax	70,259	75,749
Provision for wealth tax	90	82
Provision for deferred tax	16,491	6,931
Provision for fringe benefit tax	3,129	2,450
	<u>89,969</u>	<u>85,212</u>
Add : Provision for tax of earlier years, provided	1,965	1,561
	<u>91,934</u>	<u>86,773</u>



19. NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

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:-

Name of the Company	Short name	Percentage holding	Place of Holding
1. Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd.	- (DOEMPL)	-100.00 %	Mauritius
2. Global Dolphin Drilling Co. Limited	- (GDCC)	- 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 up to the date that the asset is ready to be used is included in the cost of the asset if they are significant. Please see accounting policy on foreign currency transaction for treatment of exchange rate fluctuations on foreign currency loans taken for procurement of fixed assets. However, fixed assets costing up to Rs 5,000 individually are charged off in the year of acquisition.

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

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

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

Leasehold land and improvement thereon are amortised over the lease period.

During the year, Procyon Offshore Services Limited has changed its accounting policy on depreciation of vessels from the declining balance method to the straight line method with retrospective effect. This change in accounting policy was required in order to adopt the same accounting policies as the holding company, Dolphin Offshore Enterprises (India) Ltd. The resultant excess depreciation of Rs. 2.62 crores has been credited to Profit and Loss account. Had there been no such change, the depreciation for the year would have been higher and profit for the year would have been lower by Rs.2.62 crores and the net block would have been lower by Rs.2.62 crores.

[c] Investments -

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



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

[d] Recognition of Revenue and Expenses -

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

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

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

[e] Foreign currency convertible bonds –

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

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

[f] Foreign currency transactions -

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

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

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, 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.

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



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

[i] Earnings per share -

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

B. 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 31.03.2008, there is an unrealised gain in foreign exchange of Rs 577.80 lacs (2007 – Rs.219.00 lacs) on value of bonds, while the yield to year end is Rs. 531.84 lacs (2007 – Rs. 500.63 lacs).
- ii) As at March 31, 2008 the Company had contingent liabilities in respect of bank guarantees, issued to their customers of Rs.25,10.84 lacs (2007 - Rs 1,811.72 lacs) of which Rs.24,65.02 lacs (2007 – Rs 1,777.46 lacs) are outstanding as of date. These bank guarantees are secured by hypothecation to and in favour of the bank of the Company's entire book debts [present and future], outstanding moneys, engagements, securities, investments and rights and further secured by personal guarantee of Whole-time Directors.
- iii) Capital commitment and guarantees on behalf of subsidiary –
 The Company's wholly owned subsidiary, Dolphin Offshore Enterprises (Mauritius) Private Limited is currently investing in a ship building programme worth US\$ 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\$ 20 million (2007 – US\$ 9.30 million)
 As at March 31, 2008, the Company had already given unsecured loan of US\$ 9.17 million (2007- US\$ 4.83 million) and the balance will be paid during the financial year 2008-2009.
- iv) The Company has appealed the award of the Income Tax Appellate Tribunal (ITAT) on the block assessment of the Company under Sec. 158BC of Income Tax Act, 1961 raising a demand of Rs 52.97 lacs (2007 – 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.
- v) The Company's wholly owned subsidiary, Dolphin Offshore Enterprises (Mauritius) Private Limited's Board on 17th March 2006, approved the acquisition of three vessels (two workboats and one construction barge). It is expected that the cost of these vessels will approximate USD 30 million. USD 20 million of the funding will be done by way of loan from the Singapore subsidiary of ICICI Bank Limited (the "Bank"). Dolphin Offshore Enterprises (India) Limited and its promoters will provide guarantee to the loan sanctioned by the Bank to the Company. Dolphin Offshore Enterprises (India) limited will also fund the balance by way of an interest free Rupee loan. As of date the Company has already utilised an amount of USD 12,429,960 towards construction of the vessels (2007 - USD 3,973,992)
- vi) Procyon Offshore Services Limited had appealed with the Commissioner Of Income tax (Appeals) V for disallowing expenses u/s 43 (1) of Rs.104.89 lacs by treating the revenue expenditure of vessel M.V.Kamrup as capital expenditure for the A.Y. 2005-2006.

C. Borrowing cost:

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

Amount Capitalised to Office Premises and Plant and Machinery as follows:

Particulars	Amount (Rs. In '000)	
	2007-2008	2006-2007
Stamp duty	16,13	—
Interest on loan	4,25	—
TOTAL	20,38	—



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

Particulars	Amount (Rs. In '000)	
	2007-2008	2006-2007
Interest on fixed deposits/ term loans	1,08,61	74,30
Interest on FCCB	25,34	33,90
Other interest expenditure	10,88,21	5,25,14
Total Borrowing Costs	12,22,16	6,33,34

D. 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.

E. 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

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: (Rs. In '000)

NATURE OF TRANSACTIONS			OUTSTANDING BALANCE AS AT MARCH 31, 2008	
	2007 -08	2006 -07	RECEIVABLE	PAYABLE
Companies under common control, including subsidiaries				1,25,27
Contract Revenue				
Subcontractor charges paid	12,00	66,00		
Hire charges paid	39,07	37,70		
Rent paid	1,30	2,59		
Interest paid	10,69	6,61		
Unsecured loans received (repaid), net	5,00			
Rent Deposit Refund	(2,00)			
Key Management Personnel				1,15,13
Remuneration	1,48,40	2,62,27		
Interest paid	12,94	10,43		
Rent paid	3,19	6,38		
Unsecured loans received (repaid),net	(2,50)	35,00		
Rent Deposit Refund	(5,00)			
Relatives of Key Management Personnel				67,61
Interest paid	7,87	7,38		
Fixed deposits received (repaid),net	12,50	8,25		
Unsecured loans received (repaid),net	2,11	—		
Companies controlled by Relatives of Key Management Personnel				1,01
Rent paid	1,30	2,59		
Rent Deposit Refund	(2,00)	21		

(Rs. In '000)

	Subcontract charges/ Contract Revenue	Unsecured loan/Fixed Deposit	Hire Charge/ Rent Paid	Interest paid	Rent/ (Refund of Deposits)	Payables (Receivables)
Companies under common control, including subsidiaries						
Kanika Shipping Limited	12,00	(10,00)		4,31		41,70
Dolphin Offshore Projects Limited		15,00	39,07	6,38	1,30	83,57
Oakland Trading Pvt. Ltd.					(2,00)	


Material related transactions:

(Rs.In '000)

	Unsecured loan/Fixed Deposit	Rent Paid	Interest paid	Remuneration	Rent Deposit Refund	Payables (Receivable)
Key Management Personnel						
Rear Admiral Kirpal Singh			3,00	56,38		31,68
Mr.Satpal Singh		1,59	6,24	50,41	(2,50)	57,01
Mr.Navpreet Singh	(2,50)	1,59	3,70	50,91	(2,50)	35,76
	(2,50)	3,18	12,94	1,57,70	(5,00)	1,24,45
Relatives of Key Management Personnel						
Mrs. Manjit Kirpal Singh			4,20	2,24		37,24
Mrs. Prabha Chandran	3,00		36			3,00
Ms. Rishma Singh	1,50		36			1,50
Mast Rohan Singh	1,50		42			1,50
Mrs. Ritu Singh			36			
Mast Tarun Singh	3,50		1,29			3,50
Mast Akhil Singh	3,00		87			3,50
	12,50			2,24		
Companies controlled by Relatives of Key Management Personnel						
Oakland Trading Private Limited		1,30			(2,00)	101

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.

F. 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. 41.01 lacs (2007 – Rs.36.36 lacs). The Company has a future liability of Rs. 1,16.02 lacs (2007 – Rs 48.30 lacs) towards the said agreements, of which Rs 58.08 lacs (2007 - Rs. 22.47 lacs) is payable within one year.

G. Operating Lease commitments –

The minimum amounts payable in future towards non-cancelable lease agreements are as follows:

Particulars	Amount (Rs '000)
Not later than one year	6,605
Later than one year not later than five years	26,423
Later than five years	24,772
	57,800



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.

	2007-2008	2006-2007
Net profit after tax for the year (Rs in '000)	15,72,18	16,61,27
Add : Interest to be saved on conversion of bonds to shares (Rs in '000)	16,73	22,49
Diluted net profit for the year (Rs in '000)	15,88,91	16,83,76
Number of Ordinary shares (No. in '000)	95,65	89,60
Weighted average shares (Basic) (No. in '000)	93,74	89,60
Weighted average shares (Diluted) (No. in '000)	1,19,85	1,19,85
Basic earnings per share (Rs.)	16.77	18.54
Diluted earnings per share (Rs.)	13.26	14.05
Calculation of weighted average number of shares		(No. In '000)
* Number of Ordinary shares	89,60	56,00
Number of Bonus shares issued during the year	0	33,60
Number of FCCB Bonds converted during the year	6,05	0
Total Number of shares	95,65	89,60
Add : Deemed conversion of bonds to shares US\$ 12,000,000 @ Rs.45.37/- conversion price of Rs 225 per share (in '000)	24,20	30,25
** Weighted average shares (diluted)	1,19,85	1,19,85

I. Micro, Small and Medium Enterprises (MSMEs)

The Company had initiated the process of identifying Micro, Small and Medium Enterprises (MSMEs) as per Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available, the Company is of the opinion that there are no entities that can be defined as MSMEs.

J. Debtors and Creditors

Balances in respect of creditors and debtors are subject to confirmation/reconciliation, wherever required.

Sundry Debtors includes an amount of Rs. 60,37,01 lacs outstanding for more than 3 years, out of which

Rs. 55,69,55 lacs will be adjusted against the charter hire of vessel as agreed by the parties and the management is confident of recovering the balance amount.

K. 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, 2008.

	2007-2008	<u>2006-2007</u>
CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	249,166	252,916
Adjusted for :		
Depreciation	77,335	55,348
Interest [Net]	—	—
Dividend Income	116,382	51,164
Profit on sale of fixed assets	(134,898)	(79)
Profit on sale of Investments	—	—
Preliminary expenses written off	24	16
Expenditure of prior years	34	—
Excess depreciation of earlier years written back	(26,224)	—
Operating profit before working capital changes	<u>281,818</u>	<u>359,365</u>
Adjustments for :		
Trade and other receivables	(331,693)	(568,394)
Trade and other payables	39,128	241,382
Provisions	—	9,661
CASH GENERATED FROM OPERATIONS	<u>(10,745)</u>	<u>42,014</u>
Direct taxes paid	(125,716)	(84,180)
NET CASH FLOW USED IN OPERATING ACTIVITIES	<u>(136,461)</u>	<u>(42,166)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(266,432)	(210,294)
Capital work-in-progress	(277,840)	(174,124)
Sale of fixed assets	303,668	407
Investments made	(2,500)	(145,887)
Transfer to foreign exchange translation reserve	(887)	—
Interest received	5,834	13,724
NET CASH FLOW USED IN INVESTING ACTIVITIES	<u>(238,157)</u>	<u>(516,174)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowing, net	(15,144)	(27,410)
Proceeds from short term borrowing, net	292,821	154,955
Increase [decrease] in lease liabilities	5,608	1,210
Conversion of FCCB into shares	136,110	—
Proceeds from issue of equity shares	—	500
Interest paid	(122,751)	(65,049)
Dividend paid	(23,912)	(14,000)
Preliminary Expenditure	—	(122)
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>272,732</u>	<u>50,084</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(101,886)</u>	<u>(508,256)</u>
CASH AND CASH EQUIVALENTS AS ON 01.04.2007.	<u>188,551</u>	<u>696,807</u>
CASH AND CASH EQUIVALENTS AS ON 31.3.2008.	<u>86,665</u>	<u>188,551</u>

As per our attached report of even date

For HARIBHAKTI & CO.
Chartered Accountants
Chetan Desai
Partner

Place: Mumbai

Date: June 30, 2008

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



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

1 Name of Subsidiary Companies	Procyon Offshore Services Ltd.	Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd.	Global Dolphin Drilling Company Limited	Dolphin International Risk Services Ltd.
2 Financial Year Ending	31-Mar-08	31-Mar-08	31-Mar-08	31-Mar-08
3 Date from which it became a subsidiary	31-Aug-06	November, 2000	31-Mar-97	30-Dec-05
4 Extent of interest of the Holding Company in the capital of the subsidiary.	100%	100%	59.96%	100%
5 Net aggregate amount of the Subsidiary's profit / (loss) not dealt with in the Holding Company's Account.	IN RUPEES	IN RUPEES	IN RUPEES	IN RUPEES
(i) Current Year	27,869,139	(32,771,506)	34,632	(29,329)
(ii) Previous year's since it become subsidiary	28,522,136	2,364,348	1,139,802	(22,165)
6 Net aggregate amount of the Subsidiary's profit/(loss) dealt with in the Holding Company's Account				
(i) Current Year	Nil	Nil	Nil	Nil
(ii) Previous year's since it become subsidiary	Nil	Nil	Nil	Nil

STATEMENT RELATING TO SUBSIDIARY COMPANIES AS ON MARCH 31, 2008

1 Name of Subsidiary Companies	Procyon Offshore Services Ltd.	Dolphin Offshore Enterprises (Mauritius) Pvt. Ltd.	Global Dolphin Drilling Company Limited	Dolphin International Risk Services Ltd.
2 Issued, Subscribed & Paid up Share Capital	2,400,000	1,168,000	500,000	500,000
3 Reserves	79,068,237	(30,760,026)	Nil	(51,494)
4 Total Assets	109,063,877	469,995,690	1,691,824	573,715
5 Total Liabilities	109,063,877	469,995,690	1,691,824	573,715
6 Investments	200,540	Nil	Nil	Nil
7 Turnover	88,136,008	4,695,265	Nil	Nil
8 Profit / Loss before Taxation	33,847,913	(32,591,302)	53,632	(29,329)
9 Provision for Taxation	5,978,774	180,204	19,000	Nil
10 Profit / Loss after Taxation	27,869,139	(32,771,506)	34,632	(29,329)
11 Proposed Dividend	Nil	Nil	Nil	Nil

