



"Dolphin Offshore Enterprises (India) Limited
Conference Call"

August 3, 2011



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Moderator Ladies and gentlemen, good evening and welcome to the Q1 2011, analyst's conference call, hosted by Dolphin Offshore Enterprises India limited. As a reminder for the duration of the conference all participants' line will be in the listen-only mode and there will be opportunity for you to ask questions at the end of end of today's presentation. Should u need assistance during this call, please signal the operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Navpreet Singh of Dolphin Offshore Enterprises India limited. Thank you and over to you Sir.

Navpreet Singh: Thank you. Good afternoon everybody and welcome to the Dolphin Offshore concall on the 1st Qtr results for the FY'12. I think all of you probably had the opportunity of going through the published results.

I will go through the results again in the normal manner in which we normally present our account. So in this quarter we did a revenue of 67.5 Crores, as against the same quarter last year we did a turnover at 80.22 Crores. There was a decline of



topline of 15.86%.

Operating expenses for this quarter were 50 Crores as against 84.56 Crores. Gross operating profit was 17.45 Crores as against a loss of 4.34 Crores last year. G&A expenses 5.27 Crores as against 5.17 Crores. Net operating was 12.18 Crores as against the loss of 9.51 Crores.

Miscellaneous income was 2.02 Crores as against 23.90 lakhs last year. EBITDA margins were 14.2 Crores as against loss of 9.27 Crores. Interest was 3.53 Crores as against 1.92 Crores. Depreciation was 1.01 Crores as against 1.09 Crores. The net profit before tax for this quarter was 9.66 Crores as against a loss of 12.29 Crores and net profit after tax was 6.52 Crores as against 12.31 Crores last year.

In terms of profit margins this year around, our gross operating profit margin was 25.85% as against 5.41% last year. Net operating profit was 18.04%. EBITDA margin was 21.04%, net profit before tax, 14.31%, net profit after tax 9.66%.



These are the summarized financial results of the quarter for this year. We are now ready to throw the concall open for any questions that anybody may have. I just request you to please give your name and organization that you represent. Also please note that we are not going to be able to give you any guidelines or directions on what we expect on this year's turnover to be or this year's profit margins to be. Thank you.

Moderator: Thank you very much Sir. We will now begin the question and answer session. The first question is from the line of Amit Murarka from CRISIL. Please go ahead.

Amit Murarka: Hi Sir, thanks for giving the opportunity, I have a couple of questions. The first is definitely and in terms of when can we expect the new orders to flow in which has been pending since last so many months? Second is if you could give me a brief composition of the current quarter's revenue, I mean, which are the major projects from where are we getting these revenues and the last would be when can we expect the change order work the money flow into the company?

Satpal Singh: Navpreet I will answer the first question and third question then you can answer the second one. As far as the decision on



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various tenders are concerned it is now public knowledge that we have submitted two tenders recently to ONGC in the consortium with L&T for laying pipeline. The decision on these two tenders should be taken by the month of September. We have other tenders, which are pending overseas, three tenders to be exact with two tenders at Ras Gas in Qatar and one with Saudi Aramco. The decision on the two from Ras Gas will take place one between the next one-month and one in another couple of months time. Saudi Aramco we have not had any feedback as yet, but our expectation is that this should be decided within the next couple of months as well. There are new tenders that ONGC has come out with already and some, which are in the pipeline. The ones, which have already been issued, should be decided by around November, December latest and the ones that are due to come out shortly will be decided by about January or February. These are the bids that we are spending on. Apart from this we have already submitted a number of offers for subcontracts services, which are likely to be decided sometime in the next month to six weeks. We also have a bid in with British Gas. The technical evaluations are on. The work is supposed to start in the



beginning of October, so the decision should be taken by the month of September.

Cumulatively and without going into a breakdown of the various proposals that we have out on hand, the cumulative value of these tenders would be in the vicinity of around a 1000 Crores. Your second question was about the breakdown of the results of the quarter, Navpreet will you address that?

Navpreet Singh: Yeah, during this quarter mainly we did lot of work for the Leighton on the PRP-II contract where we were basically providing diving support services for their pipelines stabilization programs. We have also been carrying out diving services on ONGC's owned vessels through our subcontract with Shipping Corporation of India. We also did a small job for British Gas involving diving and underwater inspection work. In terms of topside bulk of our revenues that already come in from doing the modular rigs, turnkey contracts that we were doing for Instrumentation Limited and our subcontract with the Sime Darby for Pipewell Head project. These are really the main contracts that we have been expediting during this particular quarter.



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Amit Murarka: Sir in the past what we are seeing, the competition in the market has been on increasing because a lot of international players are coming into the Indian market and with the rising tool prices we were expecting that these competitions would vanish with the period of time, so any sense on that front like are we seeing any competitiveness from the same line or experiencing or that scenario is changing?

Satpal Singh: Well at the present moment we are still in the high competitive zone area. That is largely because of the bulk of the development work that is coming up overseas will start work sometime next year. The real fanatic activity in the Middle East will actually start to fructify in 2013. The bid for work we are doing now will be executed in 2012 and some in 2013. So, I think where we are right now is where we expect it to be coming to the end of the tough competition period, but to face the tough competition period that we are going through we have to synergize and pool resources with other entities who have competitive resources that we lack so that by sharing our resources and sharing contract we can be competitive in this market. So that is the scenario where we are right now.



Amit Murarka: So the last thing would be what would be the status on the change order work as well as the liquidated damages, which we have seen from our client?

Satpal Singh: Well as far as the liquidated damages on the SHRC are concerned that matter has been resolved and we have received 80% of the liquated damage back from ONGC through L&T.

Amit Murarka: Sir could you just give the number?

Satpal Singh: 80% of our LDs have been withheld by L&T on account of the contract they had with ONGC has been refunded to us following a settlement between L&T and ONGC. The settlement on the claims on SHRC is yet to be finalized and released but we expect this to happen may be within the next month or so. As far as NQD and ICP contracts are concerned we have had our first round of discussions with the ONGC regarding the ICP and NQD but it will take some time before matters are resolved. We do not expect to see any resolution till the end of the year.

Amit Murarka: That is all from my side sir. All the best for the future.
Thank you/



Moderator: Thank you. The next question is from the line of Rupen Masalia from R Associates. Please go ahead.

Rupen Masalia: Basically regarding the 80% LD waiver from L&T, so how much we received for post Q1 that is in the month of July?

Navpreet Singh: We have received a net amount of about 3 Crores, 2.97 Crores to be exact.

Rupen Masalia: The balance by when we are expecting?

Satpal Singh: We will be expecting that the change orders will also be finalized sometime soon maybe during the coming quarter or the next quarter.

Rupen Masalia: As of now, we are recovering a major portion out of it?

Navpreet Singh: Well, out of the LD yes, we expect there will be some flow over on that communication on what we will get.

Rupen Masalia: Sir current order book position if you could quantify?

Satpal Singh: The current book position is about 167 Crores.

Rupen Masalia: After executing Shipping Corporation and Leighton work in Q1 we are still left with 160?



Satpal Singh No, 167 cumulative are from the month of April.

Rupen Masalia: From the first of April?

Navpreet Singh: Yes.

Rupen Masalia: Next you said in the construction barge Vikrant Dolphin, I guess it will probably be with us somewhere in October?

Satpal Singh: September 15th is when they intent the sale is out. There is one pending activity for there are four clusters, which has to be tuned, three have already been done, one could not be done before the onset of monsoon so that will be completed. We should get delivery and take delivery of the vessel around the third week of September.

Rupen Masalia: Have you chalked out any deployment settle for it?

Satpal Singh: We were offered vessels to British Gas against the particular tender that they have for diving services and British Gas has also told us that they are separately looking for chartering a DP construction barge and even ONGC are shortly to come up with the two season requirement for the DP construction barge, so yes and we also have been approached by the



companies overseas for the barge. There is lot of interest in the Vikrant Dolphin and a lot of opportunities are there.

Rupen Masalia: Sir regarding this additional work with ICP and NQD projects any upgradation, like our acceptance of claim by ONGC or waiver of LD?

Satpal Singh: Yes as I said the first round of discussion has taken place between us and the compiling team of ONGC. In other ways ONGC was first the department that executed the work along with the engineering cells sit down, finalized making assessment and then present the case. That is then put up to the tender committee of ONGC. Once they come to some kind of conclusion they forward their recommendations to the Assets. The Asset is the actual person in charge of the various fields, in this case ICP and NQD. They have to approve whatever the change orders are there and then whatever conclusion they come to ONGC will come back to us and make us a counter offer and there is a question of whether we come to a figure that we are both happy to live with or not and this will not happen before December and the LD case will be entirely linked up with the extra work, because the



extra work that is the agreed to is what justifies the extension of time. We are expecting hopefully the finalization if there is a classification with ONGC by December.

Rupen Masalia: Now this question is for Navpreet. The total debt on consolidated basis total debt including working capital as of June 30?

Navpreet Singh: As of June 30 the total debt is about 125 and about another 75, say about 200 Crores.

Rupen Masalia: Sir the total sundry debtors outstanding?

Navpreet Singh: Total sundry debtors outstanding is about 195 Crores.

Rupen Masalia: Okay, so that is reduced, and some recovery took place in Q1?

Navpreet Singh: Yes some recovery has taken place and as we said sundry debtor figure that we have actually floated in the year-end accounts also there is a reserve of 33 Crores that had been created earlier on, which has not been netted off. This is the reserve that we have created against the extra billing that we had approved. So that is the net result.



Rupen Masalia: Last again the risk liquidation L&T figure of 47.07 Crores so out of this the 3 Crores approximately we have already?

Navpreet Singh: Out of this entire claim of 47 Crores, 3.83 Crores was the amount attributable to liquidated damages of which we have received 2.97 Crores and 85 Crores has been written off as bad debts in this quarter.

Rupen Masalia: Balance portion?

Navpreet Singh: That we are hoping will get sorted out in the coming quarter itself.

Rupen Masalia: That is it from my side. Thank you very much Sir. All the best Sir.

Moderator: Thank you. As there are no further questions I would now like to hand the floor over to Mr. Navpreet Singh for closing comments.

Navpreet Singh: Thank you very much for attending our conference call. I am sorry this time there has been a little bit of a delay because unfortunately right after the board meeting we had our annual general meeting, but we look forward to



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welcoming you again for our next concall, which will be held in October when we declare our half yearly results. In the meantime, if anybody needs any further clarifications or questions you are always free to get in touch with us. Thank you very much.

Moderator: Thank you. On behalf of Dolphin Offshore Enterprises (India) Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.