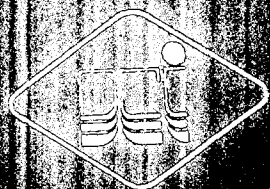


22nd
Annual
Report
1997-98



DREDGING CORPORATION OF INDIA LTD.



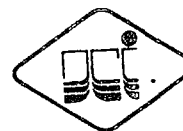
Shri C.S. Sastry, CMD presenting a cheque to Hon'ble Union Minister for Surface Transport Dr. M. Thambi Durai at New Delhi, towards Dividend for the year 1997-98.



Dr. Debendra Pradhan, Hon'ble Union Minister of State for Surface Transport, on DCI DREDGE-IX during his visit to Visakhapatnam.

Sl. No.	CONTENTS	Page Nos.
1.	Board of Directors, etc.	1
2.	Notice	2
3.	Chairman's Speech	3
4.	DCI - A Five year Digest etc.	5
5.	Directors' Report for the year 1997-98	8
	(i) Annexure - I : Information in respect of Dredgers & Floating Crafts of DCI	14
	(ii) Annexure - II : Review of Accounts by the Comptroller and Auditor General of India.	15
	(iii) Annexure - III : Statement of particulars of employees pursuant of section 217 (2A) of the Companies Act 1956.	19
6.	Auditors' Report	25
7.	Annexure to the Auditors' Report	26
	(i) Balance Sheet as at 31st March, 1998	28
	(ii) Profit and Loss Account for the year ended 31st March, 1998.	29
	(iii) Schedules I to XVII	31
	(iv) Expenditure incurred on Social overheads	53
	(v) Balance Sheet Abstract and Company's General Business profile	54
	(vi) Cash flow Statement for the year ended 31-03-98	56
8.	Comments of the Comptroller and Auditor General of India	58
9.	Addendum to Directors' Report	59
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<i>Front Cover :</i>		
DCI Dredge-IX working for LPG berth at Visakhapatnam Port.		
 <i>Back Cover :</i>		
DCI Dredge-V working at Haldia.		

DREDGING CORPORATION OF INDIA LTD.



BOARD OF DIRECTORS, BANKERS, AUDITORS, Etc.

BOARD OF DIRECTORS

Shri C.S. Sastry
Chairman-cum-Managing Director

Shri Ashoke Joshi

Shri S. Gopalan

Dr. T.R. Seshadri
(From 24-12-97)

Capt. B.S. Redhu
Director (Ops. & Tech.)

Shri A.K. Dhar
Director (Fin.)

MD	✓	REC	✓
CS	✓	ENV	✓
PO	✓	FIN	✓
TRA	NA	AC	✓
AGM	✓	SEC	✓
YE	✓		

Report

JOINT GENERAL MANAGER (FIN.)

Shri K. Kiriti

COMPANY SECRETARY

Shri Y.V. Subbarao

BANKERS

Syndicate Bank
State Bank of India
Bank of India

AUDITORS

M/s. Murthy Associates,
Chartered Accountants,
G-2 Ramaraj Towers,
Rednam Gardens,
Visakhapatnam - 530 002.

REGISTERED OFFICE

212, Kanishka Shopping Plaza
19, Ashok Road,
New Delhi - 110 001.

HEAD OFFICE

"DREDGE HOUSE", Port Area,
Visakhapatnam - 530 035
Andhra Pradesh

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Shareholders of the Dredging Corporation of India Limited, will be held at 12.30 hours on Friday 25th September, 1998, in Hotel Kanishka, 19 Ashok Road, New Delhi-110001 to transact the following business:-

1. To receive, consider and adopt Directors' Report for the year 1997-98, the audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended 31st March, 1998 together with the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Capt. B.S. Redhu, who retires as rotational Director and is eligible for reappointment.
4. To appoint a Director in place of Shri A.K. Dhar, who retires as rotational Director and is eligible for reappointment.

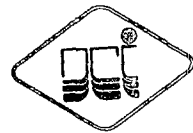
By Order of the Board of Directors

Visakhapatnam
Dated 31st August 1998

(Y.V. SUBBARAO)
COMPANY SECRETARY

NOTE :

- A) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf. The proxy so appointed need not necessarily be a member of the Company. The instrument appointing the proxy shall be deposited at the registered office of the Company not later than forty eight hours before the time fixed for holding the meeting.
- B) The Register of Member and Share Transfer Books of the Company will remain closed from 19th September 1998 to 25th September 1998 (both days inclusive).

DREDGING CORPORATION OF INDIA LTD.

CHAIRMAN'S SPEECH

Dear Shareholders

I have great pleasure in welcoming you to this Twenty Second Annual General Meeting of the Company. The audited accounts for the financial year 1997-98, Directors' Report and Auditors' Report have been in your hands for some time and with your permission, I shall take them as read.

2. I am happy to inform you that the tempo of progressive increase in the turnover of the Company has been kept up and the Company has achieved higher income of Rs. 238.14 crore for the financial year 1997-98 as against Rs. 229.93 crore during the year 1996-97. Profit before tax for the year is Rs. 72.28 crore, thus registering an increase of 18.34% over the previous year's profit of Rs. 61.08 crore.

3. Your Directors have recommended a dividend of 33% for the year 1997-98 against 25% for the previous year, for your acceptance.

4. The estimated maintenance dredging requirements of the ports and other customers during the 9th Plan period average about 86 million cum (hopper solids) per annum. The Estimated Plan Outlay is about Rs. 650 crore with a spill over of Rs. 350 crore to the 10th Plan. The present annual capacity of the company for maintenance dredging is only 43 million cu.mtrs (hopper solids). Your Company has drawn up necessary plans to modernise and augment its capacity.

5. Your company is in the process of acquiring three Trailer Suction Hopper Dredgers to replace Dredge VI and VIII as well as to augment the capacity. It has already entered into a contract with IHC, Holland to construct a 7400 cu.m. capacity dredger at a total cost

of Rs. 166 Crore. Royal Netherlands Govt. has extended aid to the extent of 40% of the cost of dredger under its ORET Grant Programme. Further, the company has concluded a foreign currency loan of DG 19.38 million with ABN Amro Bank, NV to part finance the cost of the Dredger. The balance will be met by the Company from its internal resources. The construction of dredger is in progress and delivery is expected in April, 1999.

6. Your company is finalising tenders for procurement of two more Trailer Suction Hopper Dredgers of 6500 cu. mtrs. capacity each. Besides these three trailer suction hopper dredgers, the company proposes to acquire a cutter suction dredger, two Inland Dredgers, multipurpose Tug, Survey Launch etc. to meet the increasing dredging requirements in the country.

7. The company has signed "Memorandum of Understanding" (MOU) with the Government for the 7th consecutive year 1998-99 also. I am happy to report that the company's performance under MOU has been rated as "VERY GOOD" for financial years 1992-93 to 1994-95 and "EXCELLENT" for 1995-96 and 1996-97. It expects "Excellent" rating for the year 1997-98 also.

8. The company has been one of the promoters of Dredge Repair Company of India Ltd. (DRCI) at Calcutta established for providing captive dredge repair facilities by acquiring Netaji Subash Dry Dock-II (NSDD-II) of Calcutta Port Trust on long term lease. DRCI could not obtain NSDD-II on long lease as Calcutta Port Trust allotted it to Chokhani Shipyard (Bengal) Ltd., (CSBL) on the basis of tender. DRCI faced

the threat of closure on account of non-availability of NSDD-II and lack of other infrastructure. Even DCI and HDPE were to withdraw from DRC. However, the Calcutta Port Trust took back the possession of the dry dock from CSBL during 1996-97. DRCI is, therefore, now trying to acquire the dry dock on long lease from Calcutta Port Trust. In the mean time, your company entrusted the repairs of Dredge-VI, XII, IX and V during the years 1997 and 1998. The revival of this company and modernisation of the dry dock would greatly help in having captive facilities for dredge repairs. The other constituents of this company are The Hooghly Dock & Port Engineers Limited, Patel Engineering Works, and IHC Holland.

9. With the liberalisation of economy, the Company is facing foreign competition mostly from Dutch and Belgium dredging companies and this is expected to increase in the years to come. The company is, therefore, to gear up to this changing scenarios by achieving improvement in quality of service, timely completion of projects, cost reduction and price competitiveness. Various measures like modernization of fleet, capacity augmentation, organisational restructuring, obtaining accreditation of ISO 9002, intensive training of employees in related areas, optimisation of capital structure, joint ventures etc., are on hand. With these measures your Company is confident that it will be able to improve its market share in the future.

10. Besides the various Employee Welfare Schemes, your company has been engaged in social welfare activities as a responsible constituent of the civic community in and around Visakhapatnam. In this regard, it has been extending assistance to the educational institutions for construction of buildings, distributing

text books to the needy students, providing hospital equipment and sponsoring training programmes.

11. I am happy to place on record the dedicated services rendered by the employees of the Company which resulted in better performance. I look forward to their continued contribution in achieving even better results in future.

12. I am grateful to the Honourable Minister for Surface Transport and the Hon'ble Minister of State for the keen interest they have taken in the progress of the Company. I thank the Secretary, Ministry of Surface Transport for his guidance and advice. I also thank all the officers of the Ministry for their help in all matters. My sincere thanks are due to the Comptroller & Auditor General of India and his staff and also the statutory Auditors for their cooperation.

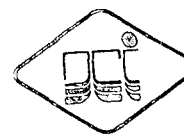
13. I am grateful to our valued customers for their continued patronage. I would like to assure on behalf of the Company that we will never relax in our efforts to meet their expectations.

14. My sincere thanks are due to my colleagues on the Board for their support and valuable advice in all areas of the management. I now commend for your consideration and adoption the Balance sheet and Profit and loss Account for the year 1997-98.

**** Wishing you happy Dussehra
and Diwali ****

(C.S. SASTRY)
Chairman-Cum-Managing Director

DREDGING CORPORATION OF INDIA LTD.



DCI - A FIVE YEAR DIGEST

(Figures in Rs. lakh unless otherwise indicated)

	1997-98	1996-97	1995-96	1994-95	1993-94
PHYSICAL					
a) Dredging capacity (in lakh Cu.Mtr.)	505.50	505.50	518.00	543.00	543.00
b) Qty. Dredged (in lakh Cu.Mtr)	494.42	497.41	497.67	547.29	531.59
c) % of (b) to (a) (in lakh Cu. Mtrs)	97.81	98.40	96.08	100.79	97.90
FINANCIAL					
d) Income from Operations	22000.81	21419.06	20447.17	17643.59	13563.17
e) Cost of Operations (excluding Depn.&int)	14802.46	14853.14	14718.52	12751.50	9706.18
f) Depreciation	2201.18	2622.17	2395.32	2793.15	2161.94
g) Interest	586.71	682.87	712.70	655.19	656.49
h) Total cost of operations	17590.35	18158.18	17826.54	16199.84	12524.61
i) Other Income	2817.78	2847.55	2744.55	1645.02	1403.68
j) Profit before tax	7228.24	6108.43	5365.18	3088.77	2442.24
k) Provision for taxation	2993.87	2770.56	2060.86	-	1175.00
l) Profit after tax	4234.37	3337.87	3304.32	3088.77	1267.24
m) Dividend : %	33%	25%	21%	14%	12%
Amount	924.00	700.00	588.00	392.00	336.00
n) Subscribed and paid up capital	2800.00	2800.00	2800.00	2800.00	2800.00
o) Reserves & Surplus	22727.63	19417.26	16779.39	14063.07	11432.61
p) Net worth	25527.63	22217.26	19579.39	16863.07	14232.61
q) Borrowings					
From Government	1600.00	1800.00	2000.00	2200.00	2400.00
From Suppliers Credit	-	-	-	-	135.15
From Foreign Currency Loan	10733.70	12399.63	15414.20	16724.96	13972.02
r) Investments	49.01	49.01	49.01	49.01	49.01
s) Current Assets	36966.86	32823.67	29743.19	25455.22	19929.70
t) Current Liabilities & Provisions	11860.05	9121.53	9202.39	6100.40	5371.28
u) Working capital	25106.81	23702.14	20540.80	19354.82	14558.42
v) Total Fixed Assets (Net)	10833.33	12653.08	16388.95	16374.18	16130.74
w) Capital Work in Progress	1872.18	12.66	14.83	10.02	-
x) Capital Employed	35940.14	36355.22	36929.75	35729.00	30690.77
y) Debt Equity Ratio	0.48:1	0.64:1	0.89:1	1.12:1	1.16:1
z) Return before interest but after tax to Capital Employed (%)	13.41	11.06	10.88	10.48	6.27

WELFARE EXPENDITURE ON EMPLOYEES OF THE CORPORATION

(Rs. in lakh)

Year ended March 31	1997-98	1996-97	1995-96	1994-95	1993-94
1) Good Service Allowance	49.25	42.52	40.22	33.56	32.30
2) Annuity	40.76	27.42	61.78	38.76	24.44
3) Medical Expenses	118.34	113.21	81.56	77.02	63.19
4) Holiday Travel/LTC/Washing Expenses	135.51	119.42	101.54	87.98	64.92
5) Ex-Gratia/Bonus	3.55	7.08	7.75	0.06	0.41
6) Gratuity	234.11	182.36	53.57	58.61	37.50
7) Leased Quarters	13.10	11.33	10.07	17.48	13.69
8) Canteen Subsidy	3.32	3.30	3.32	3.30	3.61
9) Contributions to PF & Other Funds	114.13	114.17	105.85	75.59	72.51
Total Expenditure	712.07	620.81	465.66	392.36	312.57
No. of Employees	1293	1329	1343	1372	1382
Cost per Employee (Rs. in Thousands)	55.07	46.71	34.67	28.60	22.62

HUMAN RESOURCES :

DCI believes that a motivated and trained work force is highly essential for any successful organisation. Apart from attractive remuneration, the Corporation provides good welfare facilities including House Building Advance at low interest, interest subsidy on housing loans taken by employees from outside agencies like banks/ financial institutions, Children Education Advances, Medical Reimbursement, Leave Travel, Leave Encashment etc. Besides, the Corporation strives to provide good training to all its employees both work related and for updating knowledge and skills. Deserving Employees are nominated for Higher training/education abroad under such Schemes as Colombo Plan, etc.

DREDGING CORPORATION OF INDIA LTD.



YEARWISE MANPOWER FOR THE LAST FIVE YEARS

	1997-98	1996-97	1995-96	1994-95	1993-94
A. SHORE					
Executives	222	230	235	236	234
Non-Executives	314	314	313	324	347
TOTAL A	536	544	548	560	581
B. FLOATING					
Officers	206	218	214	222	223
Petty Officers	146	152	155	156	161
Crew	278	285	290	294	301
MPW/DPL	127	130	136	140	116
TOTAL B	757	785	795	812	801
GRAND TOTAL	1293	1329	1343	1372	1382

Ratios of capital employed, value of operations, value added, net profit before Tax per employee, are as under :

(Rs. in lakh)

	1997-98	1996-97	1995-96	1994-95	1993-94
1) Capital employed	35940	36355	36930	35729	30691
2) Value of operations	21187	20143	19644	17602	13938
3) Value added (Operational Income minus spares and stores, repairs & maintenance, fuel and lubricants)	13279	13428	11599	10881	7594
4) Net profit before tax	7228	6108	5365	3089	2442
5) Number of employees	1293	1329	1343	1372	1382
6) Capital employed/employee	27.80	27.36	27.50	26.04	22.20
7) Value of operation/employee	16.39	15.16	14.63	12.83	10.08
8) Value added/employee	10.27	10.10	8.64	7.93	5.49
9) Net profit before tax/employee	5.59	4.60	3.99	2.25	1.77

Women employees :

The total number of women employees on the rolls of DCI was 51 comprising one Executive, 42 clerical staff and 8 messengers and sweepers.

DIRECTORS' REPORT FOR THE YEAR 1997-98

Your Directors have pleasure in presenting this 22nd Annual Report together with the audited accounts of the Corporation for the year ended 31st March, 1998.

FINANCIAL RESULTS :

Your directors are very happy to report that your company has achieved the highest ever operational income of Rs. 21,186.60 lakh during the year. The profit after tax including other income stood at Rs. 4234.37 lakh, which is also the highest achieved by your company so far.

EARNINGS PER SHARE :

Your company's earnings per share for 1997-98 were Rs. 15.12, compared to Rs. 11.92 for the previous year.

DIVIDEND :

Keeping in view the financial performance of your company and other relevant considerations, your directors recommend payment of dividend @ 33% amounting to Rs. 1017 lakh, including 10% income tax payable by the company, after transferring the necessary amount of Rs. 433 lakh to General Reserves in terms of the relevant provisions of the Companies Act 1956.

BONUS :

There is sufficient allocable surplus for the current financial year. Therefore, provision has been made for maximum bonus of 20% in respect of eligible employees for the year 1997-98.

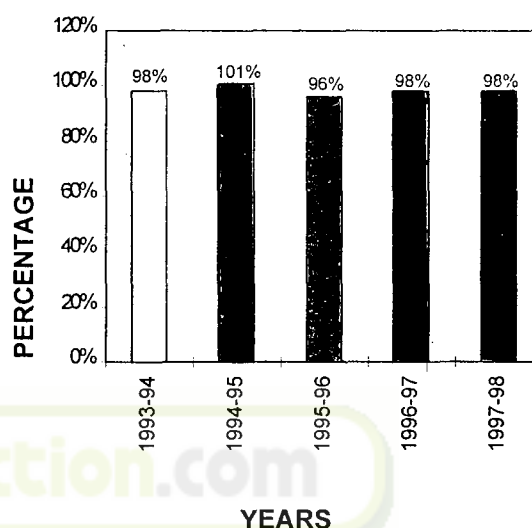
LOANS :

As on 31.3.1998, the following loans were outstanding-

	<u>Rs. Lakh</u>
Loan from Government of India	1,600.00
Foreign-currency loan from NIO Bank, Netherlands, in respect of Dredger XII & XIV	10,733.70
	<u>12,333.70</u>

CAPACITY UTILISATION

(Based on Hopper Solids)



TURNOVER / PROFIT

