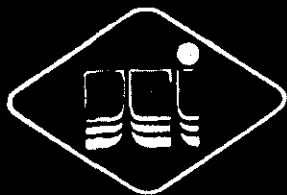


**23rd
Annual
Report
1998-99**



DREDGING CORPORATION OF INDIA LTD.



DCI DR-XV INAUGURATION FUNCTION (from left to right)
Sri R. VASUDEVAN, I.A.S., Secretary, M.O.S.T.
Sri C.S. SASTRY, C.M.D., D.C.I. Ltd.
Sri KISHORE G. APTE, Deputy Chairman, J.N.P.T., Mumbai

Report Junction.com



EXCHANGE OF DOCUMENTS FOR CONSTRUCTION OF TWO TRAILOR SUCTION DREDGERS OF 7400 Cu.m. HOPPER CAPACITY WITH M/S. IHC HOLLAND

SL. NO.	CONTENTS	PAGE NOS.
1.	Board of Directors etc.,	1
2.	Notice	2
3.	Chairman Speech	i&ii
4.	DCI - A Five Year Digest Etc.	5
5.	Directors' Report for the year 1998-99	8
	i) Annexure-I : Information in respect of Dredgers & Floating Crafts of DCI	15
	ii) Annexure-II : Review of Accounts by the Comptroller and Auditor General of India	16
	iii) Annexure-III : Statement of Particulars of Employees pursuant of Section 217(2A) of the Companies Act, 1956	20
6.	Auditors' Report	23
7.	Annual Accounts	
	i) Balance Sheet as at 31st March, 1999.	26
	ii) Profit and Loss Account for the year ended 31st March, 1999.	27
	iii) Schedules	29
	iv) Expenditure incurred on Social overheads.	52
	v) Balance Sheet Abstract and Company's General Business Profile.	53
	vi) Cash Flow Statement for the year ended 31st March, 1999.	55
8.	Comments of the Comptroller and Auditor General of India.	57

Front Cover & Back Cover

DCI Dredge-XV on its maiden voyage *in Konkani*



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, I.A.S.

Dr. T.R. Seshadri

Shri H.P. Roy, I.A.S.
(from 15-10-98)

Shri A.K. Dhar
Director (Fin.)

Shri S. Gopalan
(upto 15-10-98)

Capt. B.S. Redhu
Director (Ops. & Tech.)
(upto 17-4-99)

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, Ramraj Towers,
Rednam Gardens,
Visakhapatnam - 530 002.

REGISTERED OFFICE

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

HEAD OFFICE

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



DREDGING CORPORATION OF INDIA LTD.

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Shareholders of the Dredging Corporation of India Limited will be held at 10.30 hours on Wednesday, the 29th September, 1999 in Ashok Hotel, Chanakyapuri, New Delhi - 110 001 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report for the Year 1998-99, the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended 31st March, 1999 together with the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri H.P. Roy who retires as rotational Director and is eligible for re-appointment.

SPECIAL BUSINESS

4. To pass with or without modification the following resolution as ordinary resolution:

RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of President of India pursuant to Article 26(a) of the Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from Rs.30,00,00,000/- (Rupees Thirty Crores only) to Rs.60,00,00,000/- (Rupees Sixty Crores only) and that accordingly Clause IV of the Memorandum of Association of the Company be amended to read as follows:

"The share capital of the Company is Rs.60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 (Six Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each."

5. To pass with or without modification the following resolution as special resolution:

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and after the approval of the President of India is obtained, to increase the Authorised Capital from Rs.30,00,00,000/- (Rupees Thirty Crores only) to Rs.60,00,00,000/- (Rupees Sixty Crores only), Article 3 of the

Articles of Association of the Company be altered, by substituting the following words and figures appearing therein :

"The Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores only) divided into 3,00,00,000 (Three crores only) Equity Shares of Rs.10/- (Rupees Ten only) each....."

with the following words and figures :

"The Share Capital of the Company is Rs.60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 (Six crores only) equity shares of Rs.10/- (Rupees Ten only) each....."

6. To pass with or without modification the following resolution as special resolution :

"RESOLVED THAT

- a) Subject to the guidelines issued by the Securities and Exchange Board of India (SEBI) and subject to such consents, permissions, approvals and sanctions, of SEBI, Reserve Bank of India (RBI) and or other authorities as may be required, and subject to the approval of President of India pursuant to Article 4 of the Articles of Association of the Company, consent of the Company, under Section 81(1A)(a) and other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded to the Board of Directors of the Company to make, out of the Authorised Capital as being increased to Rs.60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 (Six Crores only) Equity Shares of Rs.10/- (Rupees Ten only), a Public Issue of 1,20,00,000 (One Crore Twenty Lakh only) Equity Shares of the Face Value of Rs.10/- each and to offer the said shares to any person or persons (whether or not such person or persons include the person or persons who, at the date of the offer, are holders of the Equity Shares of the Company) in any manner whatsoever, including making provision for reservations for preferential and/or firm allotment(s) for any categories and at such price(s) with such amount of premium and in such form or forms as the Board of Directors in consultation with Lead Managers may in its absolute discretion think fit.



DREDGING CORPORATION OF INDIA LTD.

- b) The amount(s) towards the price(s) including premium(s) be called from the applicants of the shares in such manner as the Board of Directors in consultation with Lead Managers may decide.
- c) The Board of Directors of the Company is hereby authorised to refix the premium and entitlement of the said Equity Shares in the event of any modification or variation made by the SEBI or other authorities and/or if deemed fit and proper by the Board of Directors.
- d) The unoffered/unsubscribed portion, if any, of the above mentioned issue will be disposed off by the Board of Directors, in such manner as it may think most beneficial to the Company and the Board of Directors is hereby authorised accordingly; provided that the issue of Equity Shares offered to the employees may be offered to Financial/Investment Institutions or Banks or in such manner as may be permitted under requisite approvals.
- e) The Board of Directors of the Company be and is hereby authorised in its discretion to accept such conditions and modifications as may be prescribed by SEBI or other authorities while according their sanction or consent to the proposed issue of the said Equity Shares, including variation, if any, in the proposed amount of premium and take such consequential action thereon, including the authority to revise/adjust the value/quantum of Equity Shares or any portion thereof in such manner as may be beneficial to the Company in the event of such variation being considered expedient.
- (f) The Equity Shares to be issued as aforesaid shall be subject to the Memorandum of Association and Articles of Association of the Company and shall rank *pari passu* in all respects with existing Equity Shares of the Company, save and except that the said new Equity Shares shall be entitled to pro-rata dividend, if any, which may be declared for the financial year in which they are allotted.
- g) The offer of Equity Shares as aforesaid shall be issued at such time(s) on such terms and conditions as the Board of Directors

may determine and the Board of Directors be and is hereby authorised to finalise the same and wherever deemed fit or necessary in consultation with any authorities.

- h) For the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its discretion, deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the said Equity Shares as it may think fit.
- i) The Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee(s) whole time director(s) or any other officer(s) of the company to give effect to the aforesaid resolution."

By Order of the Board of Directors

Visakhapatnam
Dated: 31-08-99.

(Y.V. SUBBARAO)
Company Secretary.

NOTES :

- 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) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
- C) The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 1999 to 29th September, 1999 (both days inclusive).
- D) Members are requested to promptly notify any changes in their address to the Company at its Registered Office at 212, Kanishka Shopping Plaza, 19, Ashoka Road, New Delhi - 110 001.
- E) Members are requested to bring their copies of Annual Report to the meeting.



DREDGING CORPORATION OF INDIA LTD.

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173(2) OF
THE COMPANIES ACT, 1956.**

ITEM NO.4, 5 & 6

The 9th Plan proposals of your Corporation envisage an outlay of about Rs.830 crore for acquisition of five Trailer Suction Hopper Dredgers and a multipurpose Tug, so as to cater to the increased requirements of customers. Of the five Trailer Suction Dredgers referred to above, one Trailer Suction Hopper Dredger-Dr XV with 7400 Cu.m capacity was already inducted into the fleet in May, 1999 and delivery of another two Trailer Suction Hopper Dredgers of 7400 Cu.m capacity each, with shore pumping facility, is scheduled-the first during the first quarter of 2001, and second in the third quarter of 2001.

Mobilisation of funds for implementation of the above Dredger acquisition plans is sought to be made partly through Public Issue. The Board of Directors approved, subject to the approval of the President of India and shareholders in the General Meeting and other applicable provisions of the Companies Act, 1956, Securities and Exchange Board of India Act, 1992, and guidelines framed thereunder, and Securities Contract and Regulation Act, 1956, making of a public issue of 1.20 crore equity shares of face value of Rs.10 each totalling to Rs.12 crore at such premium as may be decided by the Board in consultation with the Lead Managers. This would require an increase in the Authorised capital of the Company which at present is Rs.30 crore divided into 3 crore Equity Shares of Rs.10 each and consequent amendment of Memorandum of Association and Article of Association of the Company. It is sought to increase the Authorised Capital to Rs.60 crore divided into 6 crore equity shares of Rs.10 each.

The Company submitted proposals to the Government of India in the Ministry of Surface Transport which is the administrative ministry of the Company, praying for the approval of the President of India, pursuant to Article 26(a) and Article 4 of the Articles of Association of the Company for increasing the Authorised

Capital to Rs.60 crore (Rupees Sixty Crore only) from Rs.30 crore (Rupees Thirty Crore only) and for increasing the paid-up capital from Rs.28 crore (Rupees Twenty Eight Crore only) to Rs.40 crore (Rupees Forty Crore only) by fresh issue of 1.2 crore Equity Shares of Rs.10 each.

The Government of India in Ministry of Surface Transport and Ministry of Finance advised the Company vide its letter no PD-28028/12/98-DCI, dated 19-8-99, to seek the approval of the shareholders prior to obtaining the approval of the President of India. The company shall proceed with the amendment of the Memorandum and Articles of Association of the Company, for increase in the Authorised Capital and the public issue only after receiving formal approval from the Government of India.

As per Section 81(1) of the Companies Act, 1956, issue of further capital has to be offered to the existing shareholders in proportion to their shareholding. However Section 81(1A)(a) of the Companies Act, 1956, permits offer of the new shares to persons other than the existing shareholders of the Company if the Company in General Meeting gives its consent to that effect by passing a Special Resolution in the General Meeting.

Accordingly consent of the shareholders is sought to offer the shares in any manner to any person(s) and at such premium as the Board may decide in consultation with Lead Managers.

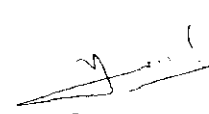
Your Directors recommend the resolution for your approval.

None of the Directors of the Company are interested in the resolution except in their capacity as shareholders, if any.

Documents referred to herein above are open for inspection during 2.30 p.m. to 4.30 p.m. on all working days at the Registered Office of the Company.

By Order of the Board of Directors

Visakhapatnam
Dated : 31-08-99


(Y.V. SUBBARAO)
 Company Secretary



DREDGING CORPORATION OF INDIA LTD.

CHAIRMAN'S SPEECH

Dear Shareholders,

I have great pleasure in welcoming you to this Twenty Third Annual General Meeting of the Company. The Audited Accounts for the financial year 1998-99, 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 with sustained efforts the trend set during the past few years - the tempo of progressive increase in turnover of the Company has been kept up and the Company has achieved higher income of Rs.249.02 crore for the financial year 1998-99 as against Rs.238.14 crore during the year 1997-98. Profit before tax for the year is Rs.76 crore, as against the previous year's profit of Rs.72.28 crore.

3. Your Directors have recommended a dividend of 33% for the year 1998-99 for your acceptance, which is same as that of the previous year.

4. The estimated average demand for maintenance dredging of major ports and other organisations, during the 9th plan period, is about 86 million cum. (hopper solids) per annum. As against this, the annual capacity available with our company, for maintenance dredging, was 43 million cum. (hopper solids) as on 31-3-99. With the addition of Dr XV during May 99, this capacity has gone upto 53 million cum. (hopper solids). This will go up further by another 20 million cum. during 2001, when the two Trailer Suction Hopper Dredgers on order join

the fleet. Your Company has also proposals to retrofit some of the old dredgers and enhance their economic service life.

5. The revised 9th Plan proposals of the Company for which approval of the Government has been sought by the Company envisage an outlay of about Rs.830 crore. This includes replacements of old Dredgers, as also additions to capacity to cater to the increased requirements of customers. A new Trailer Suction Hopper Dredger of 7400 cum. Capacity has already joined fleet in May, 1999. Your company has entered into an agreement with IHC Holland for construction and delivery of two Trailer Suction Hopper Dredgers of 7400 cum. Capacity each with shore pumping facility. Delivery of these two Dredgers is expected in 1st and 3rd quarters of 2001. The Company is contemplating procurement of two shallow draft Trailer Suction Hopper Dredgers of 4500 cum. Capacity each with shore pumping facility to cater the dredging requirements at Calcutta Port.

6. Fund requirement for financing the above Dredger acquisition program in the ninth plan is to be met with both from internal resources and commercial borrowings. A public issue also is contemplated to part finance the acquisitions. The shareholders consent is being sought for the same at this Annual General Meeting. Subsequently approval of the Government will be obtained to proceed with the Public Issue.

7. Your Company has been adapting to and attuning itself with, the unfolding economic milieu and is repositioning itself to face the challenges of liberalised economy, thrown-up by market forces. To effectively meet the



situation, your Company has taken various measures to improve quality of service and to control costs of operations. Presently your Company is making efforts to acquire accreditation under ISO 9002. Your Company aims to increase utilisation of dredgers to the optimum by reducing idle time through planned preventive maintenance and faster completion of periodical repairs. your Company is presently in the process of selection of a suitable management consultancy firm to help raise its performance to global levels. The consultancy assignment will cover, among others, corporate policy and plan, market strategy, organisational restructuring, HRD and information technology. The restructuring is primarily aimed at addressing the entire gamut of issues - efficiency parameters being crucial element - essential for surviving and staying ahead in the face of challenges in the new competitive era, where better technology, higher productivity and related costs, provide a cutting edge.

8. The Company has signed "Memorandum of understanding" (MOU) with the Government for the 8th consecutive year 1999-2000 also. I am happy to report that the Company's performance under MOU has been rated "VERY GOOD" for financial years 1992-93 to 1994-95 and "EXCELLENT" for 1995-96 to 1997-98. It expects "EXCELLENT" rating for the year 1998-1999 also.

9. 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 textbooks to the needy students, providing hospital equipment and sponsoring training programmes. 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.

10. 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 in 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.

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

12. 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 recommend for your consideration and adoption the Balance Sheet and Profit and Loss Account for the year 1998-99.

❖❖ *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)

	1998-99	1997-98	1996-97	1995-96	1994-95
PHYSICAL					
a) Dredging capacity (in lakh Cu. Mtrs.)	505.50	505.50	505.50	518.00	543.00
b) Qty. Dredged (in lakh Cu. Mtrs.)	505.68	494.42	497.41	497.67	547.29
c) % of (b) to (a) (in lakh Cu. Mtrs.)	100.04	97.81	98.40	96.08	100.79
FINANCIAL					
d) Income from Operations	22915.59	22000.81	21419.06	20447.17	17643.59
e) Cost of Operations Excluding Depn. & Int	15185.76	14802.46	14853.14	14718.52	12751.50
f) Depreciation	2210.75	2201.18	2622.17	2395.32	2793.15
g) Interest	625.97	586.71	682.87	712.70	655.19
h) Total Cost of Operations	18022.48	17590.35	18158.18	17826.54	16199.84
i) Other Income	2706.97	2817.78	2847.55	2744.55	1645.02
j) Profit before tax	7600.08	7228.24	6108.43	5365.18	3088.77
k) Provision for taxation	3508.41	2993.87	2770.56	2060.86	---
l) Profit after tax	4091.67	4234.37	3337.87	3304.32	3088.77
m) Dividend : %	33%	33%	25%	21%	14%
Amount	924.00	924.00	700.00	588.00	392.00
n) Subscribed and paid up Capital	2800.00	2800.00	2800.00	2800.00	2800.00
o) Reserves and Surplus	25895.30	22727.63	19417.26	16779.39	14063.07
p) Net Worth	28695.30	25527.63	22217.26	19579.39	16863.07
q) Borrowings from Government	1400.00	1600.00	1800.00	2000.00	2200.00
From Foreign Currency Loan	13683.23	10733.70	12399.63	15414.20	16724.96
r) Investments	49.01	49.01	49.01	49.01	49.01
s) Current Assets	37411.68	36966.86	32823.67	29743.19	25455.22
t) Current Liabilities & Provisions	12124.76	11860.05	9121.53	9202.39	6100.40
u) Working Capital	25286.92	25106.81	23702.14	20540.80	19354.82
v) Total Fixed Assets (Net)	9666.10	10833.33	12653.08	16388.95	16374.18
w) Capital Work in Progress	8776.50	1872.18	12.66	14.83	10.02
x) Capital Employed	34953.02	35940.14	36355.22	36929.75	35729.00
y) Debt Equity Ratio	0.53:1	0.48:1	0.64:1	0.89:1	1.12:1
z) Return before interest but after tax to Capital Employed (%)	13.50	13.41	11.06	10.88	10.48



DREDGING CORPORATION OF INDIA LTD.

WELFARE EXPENDITURE OF EMPLOYEES OF THE CORPORATION

(Rs. in Lakh)

YEAR ENDED MARCH 31ST	1999	1998	1997	1996	1995
1) Good Service Allowance	52.92	52.80	49.60	47.97	33.62
2) Annuity	44.53	40.76	27.42	61.78	38.76
3) Medical Expenses	110.70	118.34	113.21	81.56	77.02
4) Holiday Travel/LTC/Washing Expenses	126.03	135.51	119.42	101.54	87.98
5) Gratuity	255.08	234.11	182.36	53.57	58.61
6) Leased Quarters	13.13	13.10	11.33	10.07	17.48
7) Canteen Subsidy	4.57	3.32	3.30	3.32	3.30
8) Contributions to PF & Other Funds	144.27	114.13	114.17	105.85	75.59
Total Expenditure	751.23	712.07	620.81	465.66	392.36
No. of Employees	1252	1293	1329	1343	1372
Cost per Employee (Rs. in Thousands)	60.00	55.07	46.71	34.67	28.60

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 Advance, Medical Reimbursement, Leave Travel, Leave Encashment etc.

Besides, the Corporation strives to provide training to all its employees both work related and for updating knowledge and skills. Deserving Employees are nominated for Higher training/education abroad.