

24th Annual Report

1999 - 2000



DREDGING CORPORATION OF INDIA LTD.

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DREDGING CORPORATION OF INDIA LIMITED

BOARD OF DIRECTORS, BANKERS, AUDITORS, Etc.

BOARD OF DIRECTORS

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

Shri H.P.Roy, I.A.S.

Shri K.R.Bhati, I.A.S.
(from 04-01-2000)

Dr. Ramesh Gupta
(from 06-07-2000)

Shri A.K. Dhar
Director (Fin.)

Shri Ashoke Joshi, I.A.S.
(upto 04-01-2000)

Dr. T.R. Seshadri
(upto 23-12-1999)

JOINT GENERAL MANAGER (FIN.)
Shri K. Kiriti

COMPANY SECRETARY
Shri Y.V. Subbarao

BANKERS

Syndicate Bank
State Bank of India
Bank of India

AUDITORS

Messrs. Grandhy & Co.,
Chartered Accountants,
26, 1st Floor, Ratna Arcade,
Station Road, Dwarakanagar
Visakhapatnam - 530 016.

REGISTERED OFFICE

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

HEAD OFFICE

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

Report



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**DREDGING CORPORATION OF INDIA LIMITED****NOTICE**

NOTICE is hereby given that the twenty fourth Annual General Meeting of the Shareholders of Dredging Corporation of India Limited, will be held at 16.00 hours on Friday 29th September, 2000 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 1999-2000, the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended 31st March, 2000 together with the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri K.R. Bhati, I.A.S. who retires as rotational Director and is eligible for re-appointment.

SPECIAL BUSINESS

4. To pass with or without modification the following resolution as special resolution :
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :
 Insert the following Heading and Article as Article 10A after Article 10 :-

**Holding/Transfer/
Transmission of
shares in electronic
form**

Notwithstanding any provisions contained in these Articles regarding holding/transfer/transmission of shares, the provisions of the Depositories Act, 1996 as amended from time to time and the rules and regulations as framed thereunder shall apply for holding/transfer/transmission of shares in electronic form".

By Order of the Board of Directors

VISAKHAPATNAM
DATED :02.09.2000

(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 21st September, 2000 to 29th September 2000 (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 Ashok Road, New Delhi 110 001.
- E) Members are requested to bring their copies of annual report to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

To facilitate holding of securities in dematerialised electronic form and for safer and more convenient method of scripless trading of the shares of a Company, Depository System has been introduced by passing of the Depositories Act, 1996 and amending some of the provisions of the Companies Act, 1956 by Companies (Amendment) Act, 1998.

2. The company in order to take advantage of the scripless trading has offered the facility of dematerialisation of shares to its shareholders, voluntarily, w.e.f. 16-02-2000. Now, SEBI vide its circular bearing ref. no. SMDRP/POLICY/CIR-23/2000 dated 29-05-2000 has included the company in its list for compulsory dematerialised trading. The effective date for compulsory dematerialisation of shares of DCI was 28-08-2000.

3. Hence, it is necessary to alter the Articles of Association of the Company in certain aspects relating to the issue, holding, transfer and transmission of shares, so that they conform to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996 and the rules and regulations framed thereunder.

4. The Board recommends the passing of the Special Resolution contained in Item No.4 of the accompanying Notice.

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

6. All the documents referred to herein above are open for inspection during 2.30 PM to 4.30 PM on all working days at the Registered Office of the Company.

By Order of the Board of Directors

VISAKHAPATNAM
DATED:02.09.2000

(Y.V.SUBBARAO)
COMPANY SECRETARY



DREDGING CORPORATION OF INDIA LIMITED

DIRECTORS' REPORT FOR THE YEAR 1999-2000

Your Directors have pleasure in presenting this 24th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS :

Your directors are very happy to report that your Company earned the highest ever operational income of Rs.33183.03 lakhs and profit before tax of Rs.12305.54 lakhs. The profit after tax stood at Rs.7265.28 lakhs.

EARNINGS PER SHARE

Your company's earnings per share for 1999-2000 were Rs.25.95, compared to Rs.14.61 for the previous year.

DIVIDEND :

Keeping in view the Financial performance of your company and other relevant considerations, your directors recommend payment of dividend @ 50% (including interim dividend @ 25% declared by the Board, at their meeting held on 3rd April, 2000) amounting to Rs.1631 lakhs, including 20% (10% for Interim Dividend) income tax payable by the company, after transferring the necessary amount of Rs.741 lakhs 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 1999-2000.

LOANS :

As on 31-3-2000, the following loans were outstanding -

	(Rs.in Lakh)
i) Loan from Government of India	1,200.00
ii) Foreign Currency Loan from —	
a) NIO Bank, Netherlands in respect of Dredge XII & XIV	7,081.80
b) ABN Amro Bank NV in respect of Dredge XV	3,272.43
	11,554.23

Payment of interest and repayment of principal are being made regularly as per terms and conditions of the relevant loan agreements.

DCI CRAFTS :

As on 31st March, 2000 your Corporation has in operation, among others, eight Trailer Suction Hopper Dredgers, 2 Cutter suction Dredgers and 3 Inland Dredgers. The craft-wise particulars are at **Annexure - I**. A survey launch was inducted to the fleet on 01-10-99 and presently deployed at Mangalore.

DREDGING OPERATIONS :

Dredging capacity available with DCI was 583.00 Lakh Cu.M. as on 31st March, 2000. During the year under review, the quantity dredged under various contracts totals to 583.32 lakh Cu.M. This represents 96.62% of DCI's capacity. Important contracts completed during the year 1999-2000 are —

COASTAL DREDGING

- a) Capital Dredging for the area of flood channel at D.G.N.P., Visakhapatnam.
- b) Maintenance Dredging at
 - i) Ports : Haldia, Paradip Port Trust, Visakhapatnam Port Trust, Mormugao Port Trust, Jawaharlal Nehru Port Trust, Kandla Port Trust, New Mangalore Port Trust, Sand trap area of Chennai Port Trust;

- ii) Cochin Shipyard Limited, Cochin;
- iii) Indian Navy, Visakhapatnam & Mumbai;
- c) Contracts taken-up during the year
 - i) Dredging at Haldia Dock Complex, Haldia
 - ii) Dredging alongside berth at Paradip Port Trust by deploying CSD Aquarius.
 - iii) Sand trap dredging at Chennai Port Trust.

INLAND DREDGING :

- a) Dredging behind the MRPL & virtual jetty at New Mangalore Port Trust.
- b) Maintenance dredging at Pondicherry Port.

PLAN PROPOSALS :

The 9th Plan proposals of 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. An agreement has been entered with IHC Holland for construction and delivery of two Trailer Suction Hopper Dredgers of 7400 Cu.M capacity each with shore pumping facility. Delivery of the two dredgers is expected in 1st and 3rd quarters of 2001.

DREDGING SCENARIO :

The estimated average requirement for maintenance dredging of major ports and other organisations, during the 9th plan period, is about 86 million Cu.M per annum. As against this, the annual capacity available with your company, for maintenance dredging, was 43 million Cu.M. as on 31.03.1999. With the addition of Dr XV during May, 1999, this capacity has gone up to 53 million Cu.M., This will go up by further 20 million Cu.M., during 2001, when the two Trailer Suction Hopper Dredgers on order join the fleet. Your company also has proposals to retro-fit some of the old dredgers and enhance their economic service life.

With the liberalisation of the economy, foreign competition has been assuming significant proportions. To effectively meet this situation, your Company has been giving increasing thrust to quality of service and cost reduction, apart from augmenting its dredging fleet suitably. Presently, your Company is actively involved in obtaining accreditation under ISO 9002. Further, your Company is making efforts for cost reduction in important areas like inventory and repairs. Your Company aims to increase the utilization of the dredgers to the optimum, by reducing idle time through planned preventive maintenance, and ensuring timely supply of spares.

MEMORANDUM OF UNDERSTANDING:

For the 9th consecutive year, your Company has signed the Memorandum of Understanding (MOU) with Govt. of India for the year 2000-2001. Your Company expects the rating of 'EXCELLENT' for the year 1999-2000 also, for the fifth year in succession. The Company received Prime Minister MOU Award for Excellent performance for the year 1998 - 99.

MINI RATNA:

During the year, DCI has been conferred with the status of 'MINI RATNA - CATEGORY I - PUBLIC SECTOR ENTERPRISE' by the Government of India. Consequent upon this, and after restructuring the Board by including at least three non-official Directors, DCI will be empowered with enhanced autonomy with regard to capital expenditure; establishment of joint ventures, subsidiaries and overseas offices; technology alliances; and schemes for human resources development.

CORPORATE PLAN:

DCI has appointed the management consultancy firm, KPMG, to assist DCI in formulation of corporate plan and organisational



DREDGING CORPORATION OF INDIA LIMITED

restructuring in the behest of emerging competition from international dredging firms. KPMG has undertaken a detailed study of all aspects and functions of the company including its core competence, corporate policy and plan, market strategy, information technology, diversification and human resource development. The recommendations of KPMG are in the process of being finalised.

Y2K COMPLIANCE:

The company is a Y2K compliant.

LISTING & DEMATERIALISATION OF SHARES:

The shares of the Company are listed on Delhi, Calcutta, and Mumbai Stock Exchanges. The Company in order to take the advantage of Scripless Trading has offered the facility of dematerialisation of shares to its shareholders w.e.f. 16.02.2000. The facility can be availed with both the depositories NSDL and CDSL. Cameo Corporate Services Limited, Madras has been appointed as registrars for providing electronic interface facility with the Depositories. The shares of the Company have been compulsorily dematerialised w.e.f. 28.08.2000.

PUBLIC ISSUE:

In the last AGM consent of the shareholders was obtained for increasing the authorised share capital to Rs.60 crores and for a public issue of Rs.12 crores at an appropriate premium to part finance the dredger acquisition programme in the Ninth Plan, subject to the approval of the Government. Ministry of Surface Transport, our Administrative Ministry in the Central Government has been approached in this regard and the same will be pursued after receipt of KPMG report.

REVIEW OF ACCOUNTS:

The review of accounts for the year ending 31.3.2000 by the Comptroller & Auditor General of India is at **Annexure-II**.

PARTICULARS OF EMPLOYEES UNDER SEC.217 (2A) OF THE COMPANIES ACT, 1956:

The particulars of employees as required under Sec.217(2A) of the Companies Act, 1956, are given at **Annexure-III** to this report.

INFORMATION TO BE GIVEN UNDER COMPANIES, (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

- a) Conservation of energy under Sec.217(1)(e)
Your Company does not fall under the category of companies which are required to furnish this information. However, the following measures have been taken:
 - i) All the dredgers in DCI fleet are installed with sophisticated and state-of-the-art instrumentation like DGPS and DVL/M Systems to facilitate efficient dredging with potential energy saving.
 - ii) Certain house-keeping measures suggested by National Productivity Council for fuel conservation are being followed.
 - iii) While procuring new dredgers, fuel efficient design with advanced technology is selected.
- b) Technology absorption under Sec.217(1)(e):
There was no transfer of technology and consequently there is no absorption of technology during the year.
- c) Foreign Exchange earnings and outgo Under Sec.217(1)(e):
 - i) Foreign Exchange Earnings:
The Company had no foreign exchange earning during the year 1999-2000.
 - ii) Foreign Exchange Outgo:
Foreign exchange equivalent to Rs.13251.44 lakhs was utilised during the year as detailed below:

(Rupees in lakh)

1. Imports of Spares	1,767.02
2. Capital Expenditure and repayment of Principal of Foreign Currency Loan.	11,124.11
3. Repayment of Interest on Suppliers Credit/Foreign bank loan.	355.63
4. Foreign Travelling	4.68
	13,251.44

MANPOWER :

The total number of regular employees in the Company as on 31-3-2000 was 1113 (including 3 Management Trainees) as against 1131 during the previous year. This is in addition to 106 Monthly Paid Workers (MPWs) in the floating establishment.

EMPLOYMENT OF SC/ST CANDIDATES :

The Company continued its efforts to fulfill its obligations in providing employment opportunities to SC/ST candidates in accordance with the Government Guidelines. The overall representation of SC/ST candidates in the employment of the Company is 221, working out to 19.86% of the total strength.

EMPLOYMENT OF EX-SERVICEMEN/PHYSICALLY HANDICAPPED :

The representation of Ex-Servicemen in group C and D categories is about 19.07%. The number of Physically Handicapped employees as on 31-3-2000 was 9 (nine).

HUMAN RESOURCES DEVELOPMENT :

As per the MOU targets fixed for HRD, a total of 678 shore and floating employees were trained in various programs during the year. Besides General Management aspects, programs on Welding Technology, Instrumentation, ISO/ISM Awareness, Health Awareness etc., were also arranged. 4 Officers were deputed to Training Institute of Dredging at Holland to attend "General Dredging Course". Employees in several Batches were exposed to Computer Awareness Programs. 21 In-house training programs were organised and 51 employees were sponsored to participate in Seminars/Conferences etc.

ALL INDIA DREDGING CADRE (AIDC) :

Under the 9th Batch of AIDC scheme 8 Deck Cadets and 8 Engine Cadets were inducted and the training has commenced. The 8th Batch of Cadets of AIDC are under the second phase of training.

INDUSTRIAL RELATIONS :

The industrial relations in the Company continued to be cordial.

WAGE SETTLEMENTS :

(a) Floating Staff

- i) Wage Revision Agreement INSA-NUSI(HT) effective from 01-04-1998 to 31-03-2000 in respect of Petty Officers was implemented during October, 1999.
- ii) The award of one person Tribunal appointed by the Government of India, Ministry of Surface Transport, New Delhi, regarding wages and other service conditions for Home Trade Seamen was published in the Gazette of India, dated 17-04-2000 and as advised by the Indian National Ships Owners' Association, Mumbai, the applicable clauses of the award were implemented in respect of Crew for payment of revised wages w.e.f. 01-04-1998. Consequent to the revision of wages for crew, the wages of MPWs also were revised w.e.f. 01-04-1999.

(b) Shore Staff

i) Executives :

The pay revision, effective from 01-01-1997, in respect of