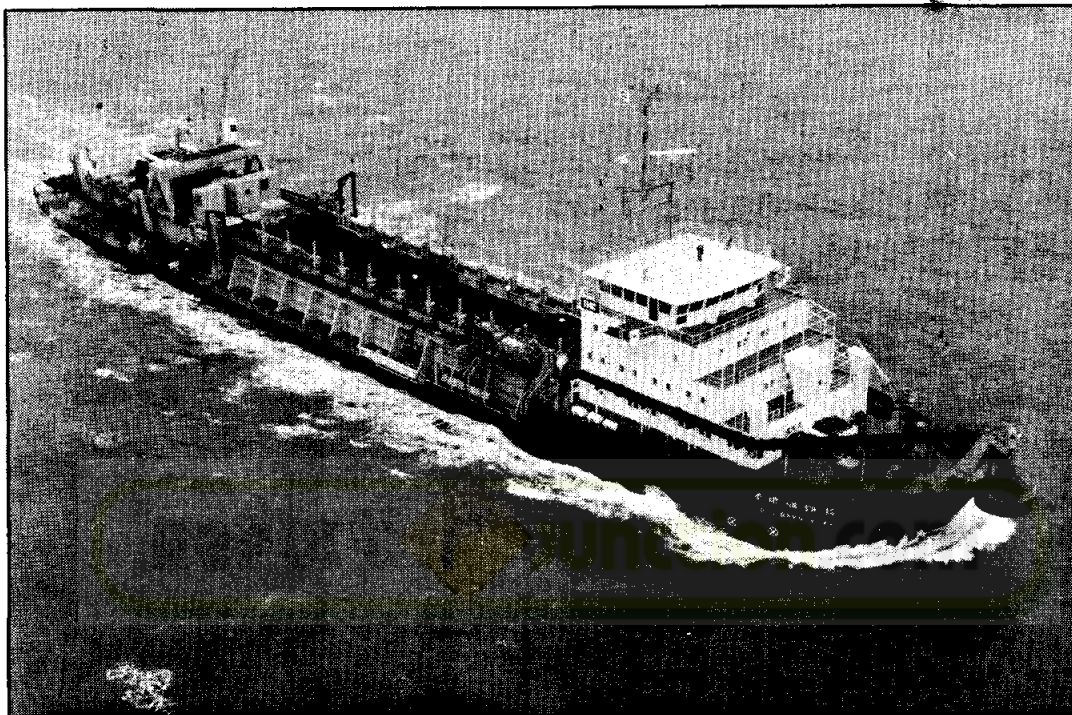


25th Annual Report

2000 - 2001



DREDGING CORPORATION OF INDIA LTD.

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<i>Front Cover</i>		
DCI Dredge - XVI on its maiden voyage from Holland to India		

Material for Item Nos. 3 (ii) & 7 being sent separately



DREDGING CORPORATION OF INDIA LIMITED

BOARD OF DIRECTORS, BANKERS, AUDITORS Etc.

BOARD OF DIRECTORS

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

Dr. Ramesh Gupta

Shri A.K.Dhar
Director (Fin.)

Dr. T.R.Seshadri
(from 03.11.2000)

Shri Swapan Chakrabarti, I.A.S.
(from 04.04.2001)

Shri T.Srinidhi
(from 04.04.2001)

Shri G.G.Rao
Director (O & T)
(from 11.07.2001)

Shri H.P. Roy, I.A.S.
(upto 15.10.2000)

Shri K.R.Bhati, I.A.S.
(upto 04.04.2001)

JOINT GENERAL MANAGER (FIN.)

Shri K. Kiriti

COMPANY SECRETARY

Shri Y.V. Subbarao

BANKERS

Syndicate Bank
State Bank of India
Bank of India
Union Bank of India
ABN AMRO Bank

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.



DREDGING CORPORATION OF INDIA LIMITED

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Shareholders of Dredging Corporation of India Limited will be held at 1600 hrs on Thursday, the 27th September, 2001 in Ashok Hotel, Chanakyapuri, New Delhi, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report for the Year 2000-2001, the audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended 31st March, 2001 together with the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri A.K.Dhar who retires as rotational Director and is eligible for re-appointment.
4. To appoint a Director in place of Dr.Ramesh Gupta who retires as rotational Director and is eligible for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to clause (aa) of Sub-Section (6) of Section 224 of the Companies Act, 1956, the remuneration of the Statutory Auditors of the Company, M/S Grandhy & Co., Visakhapatnam be and is hereby fixed at Rs.90,000/- (Rupees ninety thousand only) for the year 2000-2001".

By Order of the Board of Directors

VISAKHAPATNAM
DATED:21.08.2001

(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 48 hours before the time fixed for holding the meeting.
- B) Explanatory statement pursuant 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 20th September, 2001 to 27th September, 2001 (both days inclusive).
- D) Members are requested to promptly notify any changes in their addresses 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. 5

Hitherto, the appointment of Statutory Auditors and their remuneration for the Statutory Audit was determined and communicated to the concerned PSU by the Comptroller and Auditor-General of India. However, the Companies (Amendment) Act, 2000 amended Section 224 of the Companies Act, 1956, adding Clause (aa) to Sub-Section (6) of Section 224 providing that in case of an auditor appointed under section 619 by the Comptroller and Auditor-General of India, his remuneration shall be fixed by the Company in general meeting or in such manner as the company in general meeting may determine. This provision has come into force with effect from 14.12.2000.

2. M/S Grandhy & Co., Chartered Accountants, Visakhapatnam were appointed as Statutory Auditors of the Company by the Department of Company Affairs vide their letter no. D 005/2608129/94-ICG 8028 dated 03.11.2000 at a remuneration of Rs.60,000/- (Rupees Sixty thousand only).

3. M/S Grandhy & Co., who were also the statutory auditors of the company for 1999-2000 vide their letter dated 30.5.2000 represented for enhancement of remuneration from Rs.60,000/- to Rs.2,00,000/-. They were paid a remuneration of Rs.60,000/- (Sixty Thousand only) for the year 1999-2000.

4. The Board at its 163rd Meeting held on 29.1.2001 accorded its approval to increase the remuneration of Statutory Auditors, M/S Grandhy & Co., Visakhapatnam from Rs.60,000/- to Rs.90,000/- p.a (Rupees ninety thousand only) for the financial year 2000-2001 and recommended the same to the members of the company for their approval in General Meeting.

5. The Board recommends the passing of the resolution contained in item no. 5 of the accompanying Notice.

6. None of the Directors of the Company is concerned or interested in the resolution.

7. All the 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:21.08.2001

(Y.V.SUBBARAO)
COMPANY SECRETARY



DREDGING CORPORATION OF INDIA LIMITED

DIRECTORS' REPORT FOR THE YEAR 2000 - 2001

Your Directors have pleasure in presenting this 25th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

Your Directors are very happy to report that your Company earned the highest ever income of Rs.43,421 lakhs and profit before tax of Rs.15,722 lakhs compared to Rs.33,183 lakhs and Rs.12,306 lakhs respectively for the last year. The profit after tax stood at Rs.10,871 lakhs, as against Rs.7,404 lakhs the year before.

EARNINGS PER SHARE

Your Company's earnings per share for 2000-2001 were Rs.38.83, compared to Rs.25.95 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% (inclusive of interim dividend @ 25% declared by the Board, at its meeting held on 23-6-2001) amounting to Rs.1,542.80 lakhs, including 10.2% dividend tax payable by the Company, after transferring the necessary amount of Rs.1,088 lakhs to General Reserves in terms of the relevant provisions of the Companies Act, 1956.

LOANS

As on 31-3-2001, the following loans were outstanding:

	Rs. in Lakhs	
1. Loan from Government of India	1,000.00	
2. Loan from Indian Banks :		
❖ Loan from Union Bank of India		
(for DR XVII)	5,999.94	
3. Foreign Currency Loan from		
a) NIO Bank, Netherlands		
for DR XII & DR XIV	5,211.45	
b) ABN AMRO bank for DR XV	2,782.77	
c) ABN AMRO bank NV for DR XVI	7,699.80	15,694.02
	<u>22,693.96</u>	

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

DCI CRAFTS

As on 31st March, 2001 your Corporation has in operation, among others, 9 Trailer Suction Hopper Dredgers and 2 Cutter Suction Dredgers. Trailer Suction Hopper Dredger - DCI DR XVII constructed by IHC Holland, was delivered on 20.7.2001 and it arrived at Cochin Port on 14.8.2001. Inland Dredgers, ID - I & ID - IV have been transferred to Inland Waters

Authority of India (IWAI). Inland Dredger, ID - II which capsized in the river Ganga near Varnasi was salvaged and being sold in "As is where is condition". The craftwise particulars are at Annexure-I.

DREDGING OPERATIONS

Dredging capacity available with DCI was 598.00 Lakh Cu.M. as on 31st March, 2001. During the year under review, the quantity dredged under various contracts totals to 607.2 lakh Cu.M. This represents 101.5% of DCI's capacity.

Important dredging contracts completed during the year 2000-2001 are -

- a) Capital Dredging in front of tanker jetty no. 3 of New Mangalore Port Trust.
- b) Maintenance Dredging at
 - i) Calcutta, Paradip, Chennai, Tuticorn, Kandla, New Mangalore and Jawaharlal Nehru Port Trusts;
 - ii) Tannir Bavi Power Project for NATWEST;
 - iii) Naval Channel, Tidal basins and naval jetty, Karanja, Mumbai and at Eastern Naval Command, Visakhapatnam.
- c) New contracts taken-up during the year
 - i) Capital dredging for oil jetty at Mangalore Port;
 - ii) Dredging at outer channel, OHTB, OSTT, in front of LPG jetty OB - I and OB - II of Visakhapatnam Port.

PLAN PROPOSALS

The 9th Plan proposals of the Company envisage an outlay of Rs.630 crore. This includes replacement of old dredgers, as also additions to capacity to cater to the increased requirements of customers. One of the two new Dredgers of 7400 Cu.M Capacity with shore pumping facility, i.e, DCI DR - XVI was commissioned during the year and the other, DCI DR - XVII was delivered on 20.7.2001 and it arrived at Cochin Port on 14.8.2001. Your company also has proposals to retrofit some of the old dredgers and enhance their economic service life.

DREDGING SCENARIO

The estimated average requirement for maintenance dredging of major ports and other organizations, 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 53 million Cu.M. as on 31.03.2000. With the addition of DR. XVI and DR.XVII during the year 2001, this capacity has gone upto 73 million Cu.M.

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



DREDGING CORPORATION OF INDIA LIMITED

suitably. Your Company aims to increase the utilisation of the dredgers to the optimum, by reducing idle time through planned preventive maintenance and ensuring timely supply of spares.

In view of the increasing competition in the country, in which scenario your company cannot be sure of securing all the maintenance dredging contracts of major ports, it becomes necessary to explore foreign markets to optimise the capacity utilisation and to ensure steady growth. Efforts made in this direction have resulted in your company entering into a contract recently with Hungihua Construction Company Limited for dredging and reclamation assignment at Taichung Harbour, Taiwan for a value of about Rs.28 crore.

MEMORANDUM OF UNDERSTANDING

For the 10th consecutive year, your Company has signed the Memorandum of Understanding (MOU) with Government of India for the year 2001-2002. Your Company expects the rating of 'EXCELLENT' for the year 2000-2001 also, for the sixth year in succession.

CORPORATE PLAN

DCI has appointed KPMG, to assist DCI in formulation of corporate plan and organisational restructuring in the context 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 and has since submitted its report and recommendations and the same are under examination.

LISTING AND DEMATERIALISATION OF SHARES

The shares of the Company are listed on Delhi, Calcutta, and Mumbai Stock Exchanges. The shares of the company are dematerialised 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

The 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 Shipping, our Administrative Ministry in the Central Government has been approached in this regard. This matter will be followed up further duly taking into consideration the KPMG report.

REVIEW OF ACCOUNTS

The review of accounts for the year ending 31.3.2001 by the Comptroller & Auditor General of India is at **Annexure-II** to this report.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies, 1956, your Directors confirm :

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

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 DVLM 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 Section 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 Section 217(1)(e):
 - i) Foreign Exchange Earnings:
The Company has no foreign exchange earning during the year 2000-2001.



DREDGING CORPORATION OF INDIA LIMITED

ii) Foreign Exchange outgo:

Foreign exchange equivalent to Rs.21,202.58 lakhs during the year as detailed below:

	(Rs. in Lakh)
1. Imports of spares	2,745.91
2. Capital Expenditure for acquisition of dredgers and repayment of principal of foreign currency loan	17,865.72
3. Repayment of Interest on Suppliers Credit/Foreign bank loan	580.42
4. Foreign Travel	10.53
	21,202.58

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) introduced a uniform code of corporate governance by way of amendments to the Listing Agreements with stock exchanges. This becomes operational for your company during the year 2001-2002 but not later than 31st March, 2002. The company has started implementing the provisions of the said clause. Meanwhile the following initiatives have been taken to ensure that all aspects are fully covered by 31st March, 2002.

i) AUDIT COMMITTEE

The Board has constituted an Audit Committee in April 2001. Shri Swapn Chakraborti, Dr. T.R.Seshadri and Shri T.Srinidhi, non-executive directors, are the members of the Committee. Shri Swapn Chakraborti is the Chairman of the Committee. The committee has held three meetings since its constitution. The powers, terms of reference and regulations of the Committee have been fixed by the Board as per the requirements of Clause 49 read with the provisions of Companies Act, 1956.

ii) SHARE TRANSFER SYSTEM

The Board has constituted a Committee of Directors to look into the aspects of Share Transfers. The Committee generally meets once in a fortnight.

The Company has, as per SEBI guidelines, offered the facility of transfer-cum-demat to the investors. Under this system the share transfers which are received in physical form are processed subject to the documents being valid and complete in all respects. After the share transfer is effected, an option letter is sent to the transferee indicating the details of the shares transferred and requesting them to approach the depository participant (DP) with the option letter if he wishes to demat the shares. The DP in turn generates the demat request and sends it to the company alongwith the option letter issued by the company. On receipt of the same the company dematerialises the shares. In case the transferee does not exercise the option to dematerialise the shares the company will dispatch

the share certificates after 30 days from the date of such option letter.

MANPOWER

The total number of regular employees in the Company as on 31-3-2001 was 965 (Including 1 Management Trainee) as against 1113 during the previous year. This is in addition to 99 Monthly Paid Workers (MPWs) in the floating establishment.

During the year, a total of 115 shore employees, both officers and staff opted for voluntary retirement and were relieved under the scheme.

EMPLOYMENT OF VARIOUS RESERVED CATEGORIES :

The manpower position with regard to various reserved categories is as indicated hereunder :

i) 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 198 working out to 20.52% of the total strength.

ii) EMPLOYMENT OF EX-SERVICEMEN/ PHYSICALLY HANDICAPPED

The representation of Ex-Servicemen in group C and D categories is about 15.98%. The number of Physically Handicapped employees as on 31-3-2001 is 9 (nine).

HUMAN RESOURCES DEVELOPMENT

As per the MOU targets fixed for HRD, a total of 376 shore and floating employees were trained in various programmes during the year. Besides General Management aspects, programmes on Information Technology, Maintenance Management, Project Management, Dredging Technology and Survey and Soil Mechanics organised by the training Institutes of repute i.e., IIM, Ahmedabad, NITIE, Mumbai, IIT, Chennai, etc., Employees were also trained in Welding Technology, ISO/ISM Awareness, etc.,

Senior executives were also exposed to a Management Development Programme with faculty from Administrative Staff College of India, Hyderabad.

Productivity Improvement Programmes in Hindi medium were also organised for the benefit of the crew onboard the vessels.

Six senior officers were deputed to the Training Institute of Dredging at Holland to attend "General Dredging Course".

17 In-house training programmes were organised and employees were deputed to 40 External Seminars/ Training Programmes/Annual Conferences and Conventions, involving participation of 54 SC and 5 ST employees.

ALL INDIA DREDGING CADRE

In the 9th Batch 3 Cadets in Deck and 6 in Engine