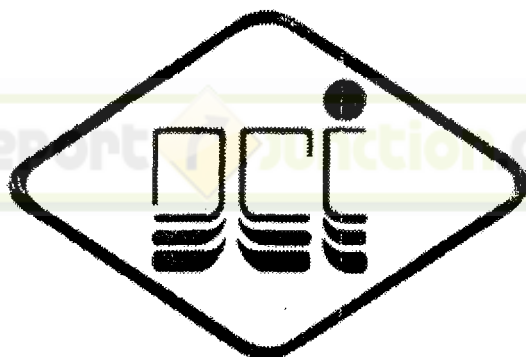


28TH ANNUAL REPORT 2003 - 2004



DREDGING CORPORATION OF INDIA LTD.

(A Government of India Undertaking)

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**BOARD OF DIRECTORS,
BANKERS, AUDITORS etc.**

BOARD OF DIRECTORS

*Shri N.K.Gupta
Chairman and Managing Director*

Shri C.V.Dikshith

Shri T.Srinidhi

Shri N.K.Jawa

*Shri A.K.Dhar
Director (Fin.)*

*Dr.S.Kathiroli
(From 17-08-2003)*

*Dr.S.Narasimha Rao
(From 05-03-2004)*

*Shri G.G.Rao
Director (O & T)
(Upto 20-07-2004)*

*Dr. T.R.Seshadri
(Upto 02-11-2003)*

*Dr. Ramesh Gupta
(Upto 05-07-2003)*

JOINT GENERAL MANAGER (FIN.)

Shri K.Kiriti

COMPANY SECRETARY

Shri YV.Subbarao

BANKERS

*Syndicate Bank
State Bank of India
ABN AMRO Bank
HSBC Limited*

AUDITORS

*M/s. Sriramamurthy & Co,
Chartered Accountants,
Flat No. 3C, Sai Sadan Apartments
47-9-39/17
Dwarakanagar
Visakhapatnam - 530 016*

REGISTERED OFFICE

*Core: 2. 1st Floor, "SCOPE MINAR"
Plot No. 2A & 2B,
Laxminagar District Centre,
Delhi - 110 091.*

HEAD OFFICE

*"DREDGE HOUSE", Port Area,
Visakhapatnam - 530 035.*

REGISTRARS & TRANSFER AGENT

*M/s Karvy Computershare Private Limited
46, Avenue 4, Street No.1, Banjara Hills
Hyderabad - 500 034*



DREDGING CORPORATION OF INDIA LIMITED

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the shareholders of Dredging Corporation of India Limited will be held at 1600 hrs on Friday, the 24th September, 2004 in NDMC Indoor Stadium, Talkatora Garden, New Delhi – 110 001 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report for the year 2003-04, the audited Balance sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended 31st March, 2004 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 Shri C.V.Dikshith who retires as rotational Director and is eligible for re-appointment.
5. To appoint a Director in place of Dr.S.Kathirolu who retires as rotational Director and is eligible for re-appointment.
6. To pass with or without modification, the following resolution as ordinary resolution for payment of remuneration to Statutory Auditors :

"RESOLVED THAT pursuant to clause (aa) of Sub-Section (8) of Section 224 of the Companies Act, 1956, the remuneration of the Statutory Auditors of the Company, M/s.Sriramamurthy & Co., -Visakhapatnam appointed by Comptroller and Auditor General of India be and is hereby fixed at Rs.1.50 lakh (rupees one lakh and fifty thousand only) for the year 2003-2004".

By Order of the Board of Directors

VISAKHAPATNAM

Dated : 31-07-2004

(Y.V.SUBBARAO)

COMPANY SECRETARY

NOTES :

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 4th September, 2004 to 24th September, 2004 (both days inclusive).
3. Dividend on equity shares as recommended by the Directors for the Financial year ended 31st March, 2004, if declared at this Annual General Meeting will be paid to the shareholders whose names appear :
 - a) as beneficial owners at the end of the business hours on 3rd September, 2004 as per the list to be furnished by Depositories in respect of the shares held in the electronic form and
 - b) as members in the Register of Members after giving effect to all valid share transfers in physical form

lodged with the Company/ R & T Agent on or before 3rd September, 2004.

4. a) Members holding shares in physical form are requested to furnish bank details by 3rd September, 2004 to our R & T Agent - M/s Karvy Computershare Private Limited, "KARVY HOUSE", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad- 500 034 in order to incorporate the same on the dividend warrants.
- b) Shareholders holding shares in electronic form may kindly note that their Bank details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode. Shareholders who wish to change Bank details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.
5. Electronic Clearing Service (ECS) facility:
With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic form and physical forms, residing in the following cities:-
Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram.
Shareholders holding shares in physical form, who wish to avail ECS facility may authorise Company with their ECS mandate in the prescribed form which may be obtained from Registrars & Transfer Agent, M/s Karvy Computershare Private Limited on request. The requests for payment of dividend through ECS for the year 2003-04 should be lodged with M/s Karvy Computershare Private Limited on or before, 20th of September, 2004.
6. a) Members holding shares in physical form are requested to promptly notify any changes in their addresses to the R & T Agent of the Company- M/s Karvy Computershare Private Limited, "KARVY HOUSE", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad- 500 034 on or before 3rd September, 2004.
- b) Shareholders holding shares in dematerialised form are requested to advise immediately change in their address, if any, quoting their Client ID No., to their respective Depository Participants.
7. Members are requested to note that pursuant to provisions of Section 205 A (5) read with Section 205 C of the Companies Act, 1956, the dividend remaining unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend



DREDGING CORPORATION OF INDIA LIMITED

account pursuant to Section 205 A (1) of the Companies Act, 1956 shall be credited to the "Investors Education and Protection Fund" (IEP Fund) set up by the Central Government. Members who have so far not claimed dividend are requested to make claim with the Company as no claim shall lie against the Fund or the Company in respect of individual amounts once credited to the said fund.

Information in respect of such dividend when due for transfer to the said Fund is given below:-

| Financial year ended | Date of declaration of Dividend | Date of transfer to unclaimed/ unpaid Dividend Account | Due date for transfer to IEP fund |
|----------------------|---------------------------------|--------------------------------------------------------|-----------------------------------|
| 31-03-2000 (Final) | 29-09-2000 | 09-11-2000 | 08-11-2007 |
| 1-03-2001 (Interim) | 23-06-2001 | 26-07-2001 | 25-07-2008 |
| 31-03-2001 (Final) | 27-09-2001 | 30-10-2001 | 29-10-2008 |
| 31-03-2002 | 27-09-2002 | 28-10-2002 | 27-10-2009 |
| 31-03-2003 | 29-09-2003 | 29-10-2003 | 28-10-2010 |

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/sKarvy Computershare Private Limited immediately. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of 7 (seven) years from the dates they first became due for payment and no payment shall be made in respect of any such claims.

8. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to

make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s Karvy Computershare Private Limited.

9. Members are requested to bring their copies of Annual Report to the meeting. Members/Proxies attending the meeting should bring the attendance slip, duly filled in, for handing over at the venue of the meeting.
10. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the meeting.
11. Members seeking any information with regard to accounts are requested to write to the Company at the earliest to facilitate keeping the information ready.
12. Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance slip.
13. Shareholders may kindly note that no gift/ gift coupon will be distributed at the meeting.
14. No Brief case or Bag will be allowed to be taken inside the auditorium.
15. At the ensuing Annual General Meeting, Shri A.K.Dhar, Shri C.V.Dikshith and Dr.S.Kathirolu, retire by rotation and being eligible offer themselves for re-appointment. The information details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are given below.

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AT THE 28TH ANNUAL GENERAL MEETING

| Name of the Director | Shri A.K.Dhar | Shri C.V.Dikshith | Dr.S.Kathirolu |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth | 15-11-1947 | 22-12-1940 | 15-07-1956 |
| Date of appointment | 09-08-1994 | 04-09-2002 | 17-08-2003 |
| Qualifications | B.Tech.(Hons), IIT, Kharagpur FICWAI | B.E., Jodhpur University M.E., Pune University M.Sc, Madras University Fellow Member, Institute of Engineers (India) | B.E.,Coimbatore Institute of Technology M.Tech, IIT, Kanpur Ph.D, University of Liverpool, United Kingdom, Member, Indian Society for Technical Education |
| Expertise in specific functional areas | His areas of expertise are finance, engineering (automobiles), personnel & administration | His areas of expertise are planning/ design of infrastructure development and marine works. | His areas of expertise are Sea bed engineering and oceanographic studies, techno-economic studies, survey, design, wave hindcasting, sedimentation, environmental impact assessment, environment management planning and mathematical modelling |
| List of public companies in which directorship held as on 31.03.2004 | --- | Seaking Infrastructure Limited, Mumbai Posiden Infrastructure Limited, Mumbai Pipavav Ship Dismantling and Engineering Limited, Mumbai Sagar Inflatables Limited, Mumbai | --- |



DREDGING CORPORATION OF INDIA LIMITED

DIRECTORS' REPORT FOR THE YEAR 2003-2004

Your Directors have pleasure in presenting this 28th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

Your Directors are very happy to report that your Company earned the highest ever operational income of Rs.52,063.13 lakh compared to Rs.49,280.37 lakh for the previous year. The other income is Rs.4,029.93 lakh as compared to Rs.2,685.88 lakh for the previous year. Thus the total income for the year is Rs.56,093.06 lakh as compared to Rs.51,966.25 lakh for the previous year, which is a record.

In order to avail benefit under Section 33 AC of the Income Tax Act, 1961, a sum of Rs.18,000.00 lakh has been transferred to Reserve under this Section. Profit after tax is Rs.17,001.47 lakh as compared to Rs.16,182.57 lakh for the previous year which, is also a record figure.

Your Company's earning per share for 2003-2004 is Rs.60.72 compared to Rs.57.79 for the previous year.

In the Finance Bill proposals for fiscal 2004, Section 33 AC has been withdrawn and the tonnage tax has not been extended to dredgers. Consequently, the income tax liability of the Company will increase and may have an affect on future acquisition programmes of dredgers. However, your Directors do not apprehend any immediate impact on the current dredger acquisition programme of the Company.

Further, the Countervailing Duties imposed on imported dredger spares in the Finance Bill proposals, 2004 will have an adverse impact, as a substantial portion of spares used in the dredgers are imported. This has been taken up with the Government for relief.

DIVIDEND

Keeping in view the financial performance of your Company and other relevant considerations, your Directors recommend payment of dividend @ 120% on the paid up capital of the Company, absorbing an amount of Rs.3,790.50 lakh including dividend tax of Rs.430.50 lakh for the year 2003-04 as against 100% dividend involving Rs.3,158.75 lakh including dividend tax of Rs.358.75 lakh for the previous year 2002-03. A sum of Rs1,750.00 lakh has been transferred to General Reserves.

LOANS

As on 31st March 2004 the following loans were outstanding after paying interest and instalment of the principal regularly as per the terms and conditions of the relevant loan agreements.

| (Rs. in lakh) | |
|------------------------------------|-----------------|
| Foreign Currency Loans from Banks: | |
| a) ABN AMRO Bank DR - XV | 1,822.97 |
| b) ABN AMRO Bank DR - XVI | 6,061.40 |
| Total | <u>7,884.37</u> |

DCI FLEET

As on 31st March 2004 your company has in operation among others, 10 Trailer Suction Hopper Dredgers and 2 Cutter Suction Dredgers. The Craft wise particulars are at Annexure-I.

DREDGING OPERATIONS

The dredging capacity available with DCI was 798.50 lakh Cu.M. as on 31st March 2004. During the year under review, the quantity dredged under various contracts amounted to 750.85 Lakh Cu.M. This represents 94.03 % of DCI's capacity. The short fall was mainly on account of DCI DR XI which was laid off due to fire accident while working at Paradip Port in August, 2003. The repairs were completed in March, 2004 and the vessel is presently deployed at Kandla.

During the year under review maintenance dredging contracts were executed at Kolkata/ Haldia, Kandla, Kochi, New Mangalore, Paradip, Visakhapatnam, Chennai, Jawaharlal Nehru Port, Mormugao, Southern Naval Command (Navy), Kochi and Mumbai. The works were executed either under the existing contracts or renewal of the contracts entered into with the Ports etc., during the previous years.

Cutter Suction Dredger, DCI Dredge Aquarius is under charter to M/s Dredging International, a foreign dredging Company since June, 2002 for a period of three years extendable to five years.

Charter Hire Agreement between DCI and AL Ghanah Contracting, WLL, Bahrain for Charter Hiring of TSHD DCI DR XVII & CSD DCI DR VII for a period of 65 weeks and 26 weeks respectively was executed on 1st April, 2004 at Visakhapatnam. DR XVII was handed over to M/s AL Ghanah Contracting WLL, at Bahrain on 11th May, 2004 and DR VII at Visakhapatnam on 3rd May, 2004.

PLAN PROPOSALS

Acquisition of one number 5000 Cu.M capacity Trailer Suction Hopper Dredger and one number dumb Cutter Suction Dredger are envisaged to meet the maintenance dredging requirements of the Ports, Navy etc. Tendering action is on hand and the dredgers are expected to join the DCI fleet during the year 2006.

MEMORANDUM OF UNDERSTANDING

For the 13th consecutive year, your Company has signed Memorandum of Understanding (MOU) with Government of India for the year 2004-2005. The sustained efforts yielded in achieving all round rating of 'EXCELLENT' for eight successive years and maintaining the trend it expects the rating of 'EXCELLENT' for the year 2003-04 also.

DISINVESTMENT

During the year the Government of India disinvested 56,00,000 equity shares of Rs.10/- each amounting to 20% of the paid-up share capital of the Company out of its shareholding in the Company, through offer for sale



DREDGING CORPORATION OF INDIA LIMITED

at price determined through book building process. The response to the offer for sale was overwhelming and the issue was over subscribed 18 times. The post offer activities such as credit of shares to the successful bidders/ investors, despatch of refund orders, handing over the collection proceeds to GOI was successfully completed. Consequent to this further disinvestment, the shareholding of Government of India in the Company now stands at 78.56%.

CORPORATE PLAN

In the growing business environment it has become imperative for the Company to benchmark against national and international dredging companies in order to become an effective global player. Further, it is necessary to continuously upgrade the corporate plan to cater to changing business conditions. Action is on hand for benchmarking and updating the corporate/ strategic plan and organisational restructuring approved by the Board with the help of consultants.

INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE

During the year under review, your Company continued with unflinching commitment to building up a safety and knowledge culture in the organisation by having in place dynamic, quality oriented and structured Safety Management System in its offices and on board dredgers.

All dredgers and DCI Tug- VI have obtained their Safety Management Certificate (SMC).

Your Company is now proceeding full steam ahead in its commitment towards building a Safety Culture in the fleet and in the organisation by conducting regular internal audits, inspections and review of the Safety Management System.

MEMBERS/ INVESTOR SERVICES

The shares of the Company are listed on Delhi, Mumbai, Calcutta Stock Exchanges and National Stock Exchange. They were listed with National Stock Exchange with effect from 15-1-2004. The shares of the Company are dematerialised with both the depositories NSDL and CDSL.

Till 25th February, 2004 Share Registry services both physical and dematerialised holders were provided by M/s Cameo Corporate Services Limited, Chennai. Ministry of Disinvestment, Government of India appointed M/s Karvy Consultants Ltd. (Subsequently name changed to M/s Karvy Computershare Private Limited), Hyderabad as Registrars to the offer for sale in connection with disinvestment of 56,00,000 equity shares of the Company by Government of India during the last quarter of the financial year 2003-04. Keeping the Guidelines of SEBI requiring single agency for R & T Services in view, the R & T Agency Agreement with M/s Cameo Corporate Service Ltd., was discontinued and M/s Karvy Computer share Private Ltd., Hyderabad were appointed as R & T Agents of the Company from 26th February, 2004.

REGISTERED OFFICE

The Registered Office of the Company was shifted to its own premises at Core- 2 , First Floor, "SCOPE MINAR",

Plot No. 2A & 2B, Laxminagar District Centre, Delhi – 110091 w.e.f 1st May, 2003.

REVIEW OF ACCOUNTS

The review of accounts for the year ending 31st March 2004 by the Comptroller & Auditor General of India is at Annexure-II to this report.

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

The particulars of employees for the year 2003-04 as required under Sec. 217 (2A) of the Companies Act, 1956 is nil as no employee is earning a salary of Rs.24.00 lakh per annum or Rs.2.00 lakh per month during the year 2003-04.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with 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 Act for safeguarding the assets of the Company and 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 Differential Global Positioning System (DGPS) and Draft Volume Load Monitoring (DVLM) systems to facilitate efficient dredging with potential energy saving.
 - ii) While procuring new dredgers, fuel efficient design with advanced technology is selected.
 - iii) Switching over to LDO from HFHSD/LFHSD as fuel for several dredgers resulted in cost savings.



DREDGING CORPORATION OF INDIA LIMITED

- 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): (Rs. In Lakhs)
- | | |
|---------------------------------------------------------------|-----------------|
| i) Foreign Exchange Earnings : | |
| a) Foreign assignments | 1,308.85 |
| Total | <u>1,308.85</u> |
| ii) Foreign Exchange outgo: | |
| a) Import of components and spares (CIF value) | 5,144.52 |
| b) Capital expenditure and repayment of foreign currency loan | 4,014.06 |
| c) Payment of interest on foreign currency loan | 408.12 |
| d) Foreign travel | 6.50 |
| Total | <u>9,573.20</u> |

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance are attached, forming part of this Report.

MAN POWER:

The total number of employees (both Shore and Floating) in the Corporation as on 31st March, 2004 was 962, as against 999 during the previous year. Further, Monthly Paid Workers (MOWs) were engaged in the Floating Establishment whose strength was 20 and 27 during this year and previous year respectively. Out of the total Manpower of 982 as on 31.03.2004, the strength on Shore Establishment and Floating Establishment was 411 and 571 respectively.

Pursuant to the Voluntary Retirement Scheme implemented for a period of three months during the year under review, eight employees were relieved. Further, it is contemplated to introduce a new VR scheme with certain modifications.

EMPLOYMENT OF VARIOUS RESERVED CATEGORIES:

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

A. Employment of SC/ST Candidates

The Corporation continued its efforts to fulfil its obligations in providing employment opportunities to SC/ST candidates in accordance with the Government Policy. The overall representation of SCs/STs in the employment of the Company excluding MPWs as on 31st March, 2004 is 186 working out to 19.33% as against 19.22% for the previous year and 19.33% prescribed as per Presidential Directive.

B. Employment of Ex-Servicemen

The representation of Ex-Servicemen (both Shore and Floating) in group C and D categories in the Corporation was 11.90% and 31.81% against 14.5% and 24.5% respectively prescribed by the Government.

C. Employment of Physically Handicapped

The number of physically handicapped employees in the Corporation as on 31st March, 2004 is 9. The break-up for Groups A, B, C & D is as under:-

| Group | Sanctioned strength | Total strength in identified posts | No. of persons with disabilities actually employed | Percentage with reference to identified posts |
|-------|---------------------|------------------------------------|----------------------------------------------------|-----------------------------------------------|
| A | 153 | 38 | Nil | Nil |
| B | 128 | 82 | 01 | 1.22 |
| C | 106 | 101 | 08 | 7.92 |
| D | 24 | 24 | Nil | Nil |
| Total | 411 | 245 | 09 | 3.67 |

The overall percentage in Group C and D posts comes to 6.15 % of the total sanctioned strength in these groups which is higher than the prescribed percentage of 3%.

D. Employment of women

The number of women employees on Rolls as on 31.03.2004 is 43. Out of them number of executives is 1 and Non-Executives is 42.

WAGE SETTLEMENTS

A. Floating establishment:

- The INSA-MUI Wage Agreement in respect of Floating Officers (FG/HT) due from 01.04.2002 has been implemented during February 2004.
- The INSA-NUSI Wage Agreement in respect of Petty Officers(HT) is due from 01.04.2002.
- The Wage Agreements in respect of Crew and MPWs are due from 01.04.2002 and 01.04.2001 respectively.

B. Shore establishment:

The next Pay revision of Executives and Non-Executive employees (Unionised Staff Category) is due from 01.01.2007.

INDUSTRIAL RELATIONS:

Jahazi Mazdoor Union representing shore based non-executive employees (Unionised Staff Category) issued notice to go on strike on 23-10-2003 on the matters relating to Career Progression and Leave Travel Encashment and regularisation of Casual Workers. Dy. Commissioner of Labour initiated conciliations following which the strike did not take place. JMU and Management discussed and settled the outstanding issues of career progression scheme and leave travel concession and arrived at a settlement on 12-7-2004.

Barring the above, the industrial relations in the Corporation continued to be cordial throughout the period under report.

WELFARE MEASURES:

The Corporation continued various welfare schemes viz., Family Pension Scheme, Group Gratuity Assurance Scheme, Personal Accident Insurance Coverage, Group Savings Linked Insurance Scheme, Contributory Provident Fund, Maternity Benefit Scheme, Subsidised Canteen Facility, Transport Subsidy, Medical Attendance, Leave



DREDGING CORPORATION OF INDIA LIMITED

Travel Concession, Incentive Scheme for acquiring higher qualifications, Merit Scholarship for the children of SC/ST employees, etc.

Other welfare measures such as House Building Advance, HBA Interest Subsidy, HBA Family Security Mutual Fund, Special casual leave for maternity/paternity and incentives for adopting small family norms and advances for children's higher education, marriage and purchase of computer etc., are extended to the employees.

Besides the above, a special Committee looks into the complaints on sexual harassment at work places and a complaints register is also being maintained. DCI is a life member of the Forum for Women in Public Sector with one woman representative from the Corporation. As a welfare measure, a Rest Room is provided exclusively for the women employees. Group 'D' women employees are also provided with working uniforms. As many as 12 women employees were exposed to various in-house training programmes.

Seven physically handicapped employees are being paid an additional conveyance allowance of Rs.75/- per month in addition to the normal entitlement of transport subsidy/ reimbursement of conveyance expenses as per the existing Rules of the Corporation.

HUMAN RESOURCES DEVELOPMENT

The Company is making sincere efforts for the overall development of Human Resource, both on shore and floating establishment. During the year 2003-04, Rs.30 lakh (approx.) was spent on the Management Development and training activity, covering a majority of employees on both the establishments. During the year, training programmes in Project Management, Software, Finance & Accounts, internet/ computer applications for fleet personnel, condition monitoring of equipment/ machinery for engineers on dredgers, programming logistic controls, welding for machinists etc., were conducted.

The employees were also imparted extensive in-house training in ERP concepts, Windows XP, Internet/ E-mail, LAN, networking, Tally, etc., under information technology.

Programmes on moulding of employees towards change and achieving creative excellence/ goal setting with faculty from SAFIER, Ooty, were conducted which helped in bringing about better performance and attitudinal change among the employees.

ISO/ISM Awareness and Quality Auditors Programmes were also organised for both shore and floating personnel. Under ISPS Code Certified Floating Officers were deputed for Ship Security Officer (SSO) Course and Company Security Officer (CSO) Course.

DCI in association with the Ministry of Flanders, Belgium had organised a "Dredging Seminar-2003" at Mumbai during October, 2003. The delegates from Belgium, Netherlands and also representatives from most of the Indian Ports and other maritime organisations attended.

In all the above training programmes, a total number of 342 employees were covered.

ALL INDIA DREDGING CADRE :

Three (3) Deck Cadets of 9th Batch AIDC and five (5) Engine cadets of 4th Batch were inducted on the Floating Establishment on their successfully obtaining the requisite Certificate from DG Shipping.

ACTIVITIES OF PUBLIC GRIEVANCES AND COMPLAINTS CELL :

A Public Grievance Cell is functioning in the Corporation ever since 1988. The Joint General Manager (P&A) is the Director of Public Grievances assisted by a Dy.Manager (HRD) to look into the Grievances / Complaints received from the public. No complaints were received in the Public Grievances and Complaints Cell during the year. As per the Ministry's guidelines, a status report is being submitted for the information of the Board of Directors at their meetings and a quarterly status report is also forwarded to the Ministry regularly.

INFORMATION & FACILITATION COUNTER :

In order to have transparency in the functioning of the Corporation and also for easy and speedy access for any information to the public, an Information & Facilitation Counter (IFC) has been setup at DCI Head Office, Visakhapatnam.

PROGRESSIVE USE OF HINDI

The Corporation continued its efforts to implement the Official Language Policy of the Government. During the year, 6 employees were qualified in Hindi Pragya course. An Incentive Scheme to award cash prizes, personal pay etc., is in vogue in the Corporation.

Hindi Fortnight was observed and Hindi Exhibition was organised. The employees participated in the All India Seminars / Kavi Sammelan held at Visakhapatnam and papers were also presented at Hindi Seminars.

Various competitions in Hindi were conducted for encouraging the employees and their children and winners / participants were awarded prizes in cash and kind. Poetry and Radio talks in Hindi were broadcast.

HRD Training Programmes were conducted in Hindi medium for the benefit of the crew onboard the floating crafts. Hindi work-shops were also organised.

Computerisation of forms / correspondence and reports in Hindi was implemented in various departments. Several formats, salary slips, letter-heads, visiting cards, and other items of stationery were made bilingual. Web-site information was also launched in Hindi. Useful Bilingual / Multi-lingual softwares were procured and installed on computers, and employees working on them were given training in operating the software in Hindi also and sharing the bilingual formats and information on network. Lipi Line Printer, compatible to Hindi printing, was also installed in MIS and made available to departments.

Issue of Office Orders / Circulars, Reports submitted to Government and Parliamentary Committees was ensured in bilingual. ISM Policy, ISM Code, all ISM Manuals, Safety Instructions, etc., were translated into Hindi. Corporate Presentation on computer, on the activities and performance of the Corporation, is being ensured bilingually during the visits of VIPs.

The Official Language Implementation Committee of the Corporation was reconstituted and four meetings were conducted. The Corporation actively participated in the meetings and activities of the Town Official Language Implementation Committee, Visakhapatnam. The fourth Sub-Committee (Evidence and Drafting) of the Committee of the Parliament on Official Language reviewed the



DREDGING CORPORATION OF INDIA LIMITED

progressive use of Hindi in DCI on 29.08.2003, at Visakhapatnam, besides the other local PSUs and Central Government Offices. The Corporation attended two meetings of the Hindi Salahkar Samithi of the Ministry of Shipping held at Chennai and Visakhapatnam. The Ministry also announced to award Commendation to the Corporation for the progressive use of Hindi achieved during the year 2002-03.

ACTIVITIES OF VIGILANCE DEPARTMENT DURING 2003-2004

During the year, the Vigilance Department conducted 17 inspections and 6 surprise checks at the Head Office and Project Offices. All the complaints received during the year were investigated and disposed off. Wherever serious irregularities were noticed, suitable punitive action was initiated against the concerned and circular instructions/ guidelines were issued for improvement of the systems/ procedures. Vigilance Awareness week was observed in the Corporation from 3.11.2003 to 08.11.2003. Orientation/ training programmes were conducted for the executives on vigilance related matters.

AUDITORS

M/s Sriramamurthy & Co., Chartered Accountants, Visakhapatnam were appointed by the Comptroller and Auditor General of India as Auditors for auditing the accounts of the Company for the financial year 2003-04. Pursuant to Section 224(8)(aa) of the Companies Act, 1956, the remuneration of the auditors has to be approved by the members at the AGM. The Board recommends the remuneration of Rs.1.50 lakhs (Rupees one lakh fifty thousand only) for approval of the members at this AGM.

DIRECTORS

Ministry of Shipping appointed Dr.S.Kathirolu as Part-Time Non-Official Director with effect from 17-8-03.

Further, Ministry of Shipping appointed Dr.S.Narasimha Rao as Part-Time Non- Official Director with effect from 5-3-2004.

Dr.Ramesh Gupta ceased to be the Part-Time Non-Official Director of the Company with effect from 06-7-2003 on completion of his term of three years. Dr.T.R.Seshadri ceased to be the Part-Time Non-Official Director of the Company with effect from 3-11-2003 on completion of his term of three years. The Board is pleased to place on record its appreciation for the valuable guidance given by them during their tenure as Directors of the Company.

Shri G.G.Rao Director (Operations & Technical) ceased to be the Director w.e.f 20-07-2004 AN on acceptance of his resignation.

Pursuant to Section 256 Shri A.K.Dhar, Shri C.V.Dikshith and Dr.S.Kathirolu retire at this meeting and are eligible for re-appointment. The Board recommends for their re-appointment in this meeting.

ACKNOWLEDGEMENTS

The Directors thank Ministry of Shipping and its officers for the valuable help, assistance, and guidance rendered from time to time. The Directors thank all other Ministries for the help and co-operation extended by them. The Board is grateful to the Comptroller & Auditor General of India, the Member, Audit Board and the Statutory Auditors for their co-operation. The Board also thanks the Bankers of the Company for their valuable services. The Board expresses its gratitude to the valued customers for their continued patronage.

The Directors also wish to place on record their appreciation of the services rendered by all the employees of the Corporation.

By Order of the Board of Directors

VISAKHAPATNAM

Dated : 21-8-2004

(N.K.GUPTA)

CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE - I INFORMATION IN RESPECT OF DREDGERS & FLOATING CRAFTS OF D.C.I

| Craft | Year of Built | Type of Vessel | Maximum | | | Installed | | Installed |
|------------------------|---------------|--------------------------|----------------|------------|--------------|----------------------|-------------|----------------|
| | | | Dredging Depth | LOA (Mts.) | Draft (Mts.) | Hopper Volume (Cu.M) | Horse Power | |
| DCI Dredge V | 1974 | Self Propelled TSHD | 22.00 | 100.00 | 6.52 | 3450 | - | - |
| DCI Dredge VI | 1975 | Self Propelled TSHD | 22.00 | 104.00 | 6.30 | 3770 | - | - |
| DCI Dredge VII | 1976 | Non Propelled CSD | 22.00 | 86.00 | 2.50 | - | - | 8500 |
| DCI Dredge VIII | 1977 | Self Propelled TSHD | 25.00 | 124.30 | 8.50 | 6500 | - | - |
| DCI Dredge IX | 1984 | Self Propelled TSHD | 25.00 | 102.60 | 7.50 | 4500 | - | - |
| DCI Dredge XI | 1986 | Self Propelled TSHD | 25.00 | 102.60 | 7.50 | 4500 | - | - |
| DCI Dredge XII | 1990 | Self Propelled TSHD | 20.00 | 115.00 | 6.50 | 4500 | - | - |
| DCI Dredge XIV | 1991 | Self Propelled TSHD | 20.00 | 115.00 | 6.50 | 4500 | - | - |
| DCI Dredge XV | 1999 | Self Propelled TSHD | 25.00 | 122.00 | 8.50 | 7400 | - | - |
| DCI Dredge XVI | 2000 | Self propelled TSHD | 25.00 | 122.00 | 8.50 | 7400 | - | - |
| DCI Dredge XVII | 2001 | Self propelled TSHD | 25.00 | 122.00 | 8.50 | 7400 | - | - |
| DCI Dredge | | | | | | | | |
| "Aquarius" | 1977 | Self Propelled CSD | 25.00 | 107.00 | 4.85 | - | - | 17300 |
| DCI Tug-VI | 1979 | Self Propelled | - | 45.90 | 3.60 | - | - | 38.00T |
| | | (Twin Screw Kort Rudder) | | | | | | (Bollard Pull) |
| "A" Frame Pontoon - II | 1982 | Non propelled | - | 16.50 | 0.50 | - | - | - |
| Desiltation Plant | 1982 | Non Propelled | 3.80 | 6.00 | 0.60 | - | - | - |
| Survey Launch | 1999 | Self Propelled | - | 12.50 | 1.85 | - | - | - |



DREDGING CORPORATION OF INDIA LIMITED

ANNEXURE-II

REVIEW ON ACCOUNTS OF DREDGING CORPORATION OF INDIA LIMITED, VISAKHAPATNAM FOR THE PERIOD ENDED 31st MARCH 2004 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Note : Review of Accounts has been prepared without taking into account the qualifications contained in the Statutory Auditor's Report and comments under section 619 (4) of the companies Act, 1956.

1. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the last three years.

(Rs. in Lakh)

| | 2001-2002 | 2002-2003 | 2003-2004 |
|-------------------------------------------------------------|-----------------|------------------|------------------|
| LIABILITIES | | | |
| A) Paid up Capital | | | |
| i) Government | 2759.77 | 2759.77 | 2199.77 |
| ii) Others (*) | 40.23 | 40.23 | 600.23 |
| B) Reserves & surplus | | | |
| i) Free Reserves & Surplus | 37261.41 | 36035.03 | 35684.21 |
| ii) Share Premium Account | 0.00 | 0.00 | 0.00 |
| iii) Reserve u/s 33AC of the Income Tax Act 1961 | 0.00 | 15300.00 | 33300.00 |
| iv) Reserve u/s 33AC Utilisation Account | 11200.00 | 11200.00 | 6700.00 |
| v) Capital Reserve | 451.83 | 451.83 | 451.83 |
| C) Borrowings | | | |
| i) From Government of India | 800.00 | 0.00 | 0.00 |
| ii) From Financial Institutions | 0.00 | 0.00 | 0.00 |
| iii) Foreign Currency Loans | 13115.27 | 11983.07 | 7884.37 |
| iv) Cash Credits | 0.00 | 0.00 | 0.00 |
| v) Others | 6775.94 | 0.00 | 0.00 |
| vi) Interest Accrued and Due | 0.00 | 0.00 | 0.00 |
| D) i) Current Liabilities & Provisions | 15123.28 | 15995.53 | 15758.89 |
| ii) Provision for Gratuity | 0.00 | 168.46 | 35.70 |
| E) Deferred Tax Liability | 5087.61 | 7268.73 | 7570.99 |
| TOTAL | 92615.34 | 101202.65 | 110185.99 |
| ASSETS | | | |
| F) Gross Block | 80570.35 | 83183.97 | 83251.30 |
| G) Less : Depreciation | 33128.22 | 38041.43 | 43130.53 |
| H) Net Block | 47442.13 | 45142.54 | 40120.77 |
| I) Capital Works in Progress / Equipment in Transit | 740.44 | 1311.89 | 1311.89 |
| J) Investments | 0.01 | 0.01 | 0.01 |
| K) Current Assets, Loans & Advances | 40799.10 | 51359.78 | 64565.70 |
| L) Deferred Tax Assets | 3633.66 | 3388.43 | 4187.62 |
| M) Misc. Expenditure to the extent not written off | 0.00 | 0.00 | 0.00 |
| N) Accumulated Loss | 0.00 | 0.00 | 0.00 |
| TOTAL | 92615.34 | 101202.65 | 110185.99 |
| O) Working Capital [K-D(i)-C(vi)] | 25675.82 | 35364.25 | 48806.81 |
| P) Capital employed [H+O] | 73117.95 | 80506.79 | 88927.58 |
| Q) Net Worth [A+B(i) + B (ii) - M - N] | 40061.41 | 38835.03 | 38484.21 |
| R) Net worth per Rupee of Paid up Capital (in Rupees) [Q/A] | 14.31 | 13.87 | 13.74 |

(*) The Government of India transferred 4,02,300 shares of Rs. 10/- each (face value) to SBI Mutual Fund by reducing Government's holding to that extent.

The Government of India disinvested 56,00,000 shares of Rs.10/- each (face value) in March, 2004 through Initial Public Offer.

2. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the Company at the end of last three years are as under:

(In Percentages)

| | 2001-2002 | 2002-2003 | 2003-2004 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|
| A. LIQUIDITY RATIO | | | |
| Current Ratio (Current Assets to Current Liabilities and provisions and Interest accrued and Due but excluding Provisions for Gratuity) {K/(D(i)+C(vi))} | 269.78 | 321.09 | 409.71 |
| B. DEBT EQUITY RATIO | | | |
| Long Term Debt to Equity but excluding short term loans {[C(i) + C(ii) + C(iii) + C(iv) + C(v)]/Q} | 51.65 | 30.86 | 20.49 |
| C. PROFITABILITY RATIOS | | | |
| a) Profit Before Tax to : | | | |
| i) Capital employed | 22.51 | 23.47 | 19.84 |
| ii) Net worth | 41.09 | 48.65 | 45.85 |
| iii) Sales | 33.66 | 38.34 | 33.89 |
| b) Profit After Tax to Equity | 414.62 | 577.95 | 607.20 |
| c) Earning per Share (in Rupees) | 41.46 | 57.79 | 60.72 |