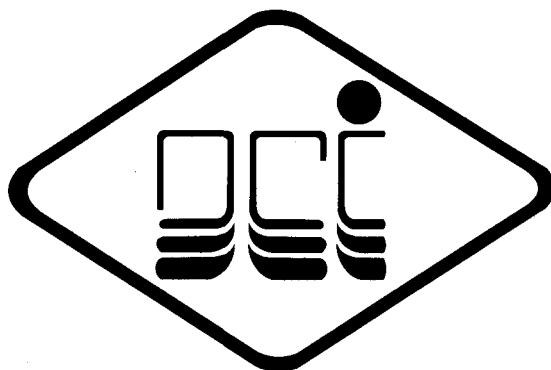


30TH ANNUAL REPORT

2005 - 2006

DREDGING CORPORATION OF INDIA LTD.

(A Government of India Undertaking)





DREDGING CORPORATION OF INDIA LIMITED

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BOARD OF DIRECTORS, BANKERS, AUDITORS etc.

BOARD OF DIRECTORS

Shri N.K.Gupta
Chairman and Managing Director

Shri A.K.Bhalla, I.A.S.

Shri T.Srinidhi

Dr.S.Narasimha Rao

Dr.S.Kathiroli

Shri A.K.Dhar
Director (Fin.)

Comde G.V.Ratnam
Director (Ops. & Tech.)
(From 07-06-2006)

Shri C.V.Dikshith
(Upto 03-09-2005)

GENERAL MANAGER (FIN.)

Shri K.Kiriti

COMPANY SECRETARY

Shri Y.V.Subbarao
(Upto 28-02-2006)

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 - 110 092.
Phone : 011 22448528
Fax : 011 22448527

HEAD OFFICE

"DREDGE HOUSE", Port Area,
Visakhapatnam - 530 035.
Phone: 0891 2564866
Fax : 0891 2560581

REGISTRARS & TRANSFER AGENT

M/s Karvy Computershare Private Limited
46, Avenue 4, Street No.1, Banjara Hills
Hyderabad - 500 034
Phone : 040 23420815 -825
Fax : 040 23420814

For Hindi Version of the 30th Annual Report 2005-06 please write to the Company Secretary giving the Folio/ Client ID number.

30 वीं वार्षिक रिपोर्ट 2005-06 की हिन्दी प्रतिलिपि के लिए फोलियो/ क्लाइंट आई.डी. नंबर के साथ कृपया जम्प-पी सविध को लिखें।



DREDGING CORPORATION OF INDIA LIMITED

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the shareholders of Dredging Corporation of India Limited will be held at 1000 hrs on Thursday, the 28th September, 2006 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 2005-06, the audited Balance sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended 31st March, 2006 together with the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri T.Srinidhi who retires as rotational Director and is eligible for re-appointment.
4. To appoint a Director in place of Cmde.G.V.Ratnam who retires as rotational Director and is eligible for re-appointment.
5. 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.2.00 lakh (rupees two lakh only) for the year 2005-2006".

By Order of the Board of Directors

Place : VISAKHAPATNAM (A.K.DHAR)

Dated : 09-08 -06 DIRECTOR (FINANCE)

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 8th September, 2006 to 28th September, 2006 (both days inclusive).
3. Dividend on equity shares as recommended by the Directors for the Financial year ended 31st March,

2006, 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 7th September, 2006 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 7th September, 2006.
4. a) Members holding shares in physical form are requested to furnish bank details by 7th September, 2006 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. Shareholders who wish to change Bank details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account. 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.
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, Colmbatore, Guwahati, Hyderabad, Jalpur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna, Pune, Surat, Thiruvananthapuram and Vadodara.

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 2005-06 should be lodged with M/s Karvy Computershare Private Limited on or before, 7th of September, 2006.

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-



DREDGING CORPORATION OF INDIA LIMITED

M/s Karvy Computershare Private Limited, "KARVY HOUSE", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad- 500 034 on or before 7th September, 2006.

- 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 account pursuant to Section 205 A (1) of the Companies Act, 1956 shall be credited to the "Investors Education and Protection Fund" (IEPF) 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. The unclaimed final dividend for the year 1999-2000 declared at the AGM held on 29-09-2000 is due for transfer to the IEP Fund on 08-11-2007
- 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/s Karvy 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, which should be duly filled in, signed and handed 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 T.Srinidhi and Cmde.G.V.Ratnam, 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 30TH ANNUAL GENERAL MEETING

Name of the Director	Shri T.Srinidhi	Cmde.G.V.Ratnam
Date of Birth	03-03-1955	04-08-1949
Date of appointment	04-04-2001	07-06-2006
Qualifications	M.A.(Economics), MBA	B.Tech, D.I.I.T(NA)
Expertise in specific functional areas	He is working in the Ministry of Shipping, Road Transport and Highways as Director(Finance). He joined Government service through the Civil Services Examination in 1979 and has worked in various Central Ministries of the Government including Ministry of Industry, Defence, Textiles, Environmental & Forests and Cabinet Secretariat.	Experienced in production, planning, quality control, project management, staff appointment and repairs of submarines & surface ships.
List of public companies in which directorship held.	Director, Sethusamudram Corporation Ltd Director, Central Inland Water Transport Corporation.	---



DREDGING CORPORATION OF INDIA LIMITED

DIRECTORS' REPORT FOR THE YEAR 2005-2006

Your Directors have pleasure in presenting this 30th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2006.

FINANCIAL RESULTS

The Company earned an operational income of Rs.50,689.89 lakh compared to Rs.52,478.87 lakh for the previous year. The other income is Rs.3,598.73 lakh as compared to Rs.2,683.01 lakh for the previous year. The total income for the year is Rs.54,288.62 lakh as compared to Rs.55,161.88 lakh for the previous year. The lower income from operations during 2005-06 compared to 2004-05 is mainly on account of 15% rate reduction at Haldia. The reduction came into effect from 15-02-2005. The effect of reduction was for one and half month during 2004-05 as against for the full year during 2005-06. However this effect has been partially offset by higher escalation income.

Profit after tax is Rs.17,646.16 lakh as compared to Rs.11,328.87 lakh for the previous year. The higher profit after tax was mainly due to the lower provision for current tax for 2005-06 due to the Company becoming eligible for Tonnage Tax under the Income Tax Act, 1961 with effect from 01-04-2005. This is the record profit after tax of the Company.

The Company's earning per share for 2005-2006 is Rs.63.02 as compared Rs.40.46 for the previous year.

DIVIDEND

Keeping in view the financial performance of your Company and other relevant considerations, your Directors recommend payment of dividend @ 150% on the paid up capital of the Company, (including 60% interim dividend paid in February 2006) absorbing an amount of Rs.4,789.05 lakh including dividend tax of Rs.589.05 lakh for the year 2005-06. For the previous year 2004-05 dividend @ 120% involving Rs.3,820.53 lakh including dividend tax of Rs.460.53 lakh was paid. A sum of Rs.1,770.00 lakh has been transferred to General Reserves.

LOANS

As on 31st March 2006 the following loans are outstanding after paying interest and instalment of the principal regularly as per the terms and conditions of the relevant loan agreements.

Foreign Currency Loans from Banks:	(Rs. in lakh)
a) ABN AMRO Bank DR -XV	781.28
b) ABN AMRO Bank DR -XVI	3,857.25
Total	<u>4,638.53</u>

DCI FLEET

As on 31st March 2006 your Company has in operation among others, 10 Trailer Suction Hopper Dredgers (TSHD) and 2 Cutter Suction Dredgers (CSD). DCI Tug-VI an ancillary craft capsized on 6-05-2006 at Nagapattinam. 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 2006 which was the same as that for last year. During the year under review, the quantity dredged under various contracts amounted to 727.49 lakh Cu.M. as against 723.11 lakh Cu.M for last year. This represents 91.10 % of DCI's capacity as compared to 90.56% for last year.

During the year under review maintenance dredging contracts were executed at Kolkata/ Haldia, Paradip, Visakhapatnam, Sothern Naval Command (Navy) Kochi, New Mangalore, MGPT, Jawaharlal Nehru Port, Kandla, Sanghi Industries, Sanghipur and Sethusamudram Ship Channel Project. The works were executed either under the existing contracts or renewal of the contracts entered into with the Ports etc., during the previous years or new contracts entered into during the year.

The charter hire agreement of the Cutter Suction Dredger, DCI Dredge Aquarius with M/s Dredging International was extended from June 2005 for two years, upto June, 2007.

DCI DR XVI and DCI DR XVII on charter to M/s AL Ghanah Contracting, WLL, Bahrain returned to India after completion of their assignments.

SETHUSAMUDRAM SHIP CHANNEL PROJECT

As on 31st March, 2006 the Company has made a contribution of Rs.5.50 crore towards equity for the Special Purpose Vehicle, Sethusamudram Corporation Limited.

The Company has commenced the dredging work in E3-E4 stretch of the Sethusamudram Ship Channel of about 13 Km involving approximately 13 million cubic meters of dredging to attain a depth of -12M in Palk Strait area adjoining Bay of Bengal which was awarded to the Company.

PLAN PROPOSALS

Order has been placed with Mazagaon Dock Limited, Mumbai in October, 2005 for procurement of one number Cutter Suction Dredger of 2000 Cu.M solids per hour capacity and is expected to be delivered by December, 2007. Tendering action is on hand for procurement of one number 5000 Cu.M hopper capacity Trailer Suction Hopper Dredger and for two numbers Survey Launches. Action is also on hand for procurement of one number Backhoe dredger and two numbers self propelled hopper barges for carrying out dredging works in front of berths and jetties and for consolidated strata, which cannot be carried out by TSHDs or CSDs.

CHARTER-IN OF 4700 Cu.M HOPPER CAPACITY, TRAILER SUCTION HOPPER DREDGER

To augment DCI's capacity and keeping in view the likely growth in the dredging market, a Charter Party agreement has been signed by M/s Transchart on behalf of DCI for charter of a 4700 Cu.M hopper capacity trailer suction hopper dredger on 06-07-2006 initially for a period of one year from the date of delivery of dredger to DCI and extendable for two more years at the option of DCI. The dredger is expected to be delivered to DCI during August, 2006.

MEMORANDUM OF UNDERSTANDING

For the 15th consecutive year, your Company has signed Memorandum of Understanding (MOU) with Government of India for the year 2006-2007. The Company expects the rating of 'VERY GOOD' for the year 2005-06.

INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE

The progress of implementation of ISM, ISPS and ISO upto 31st March, 2006 is as follows:-

ISM:-

- Safety Management Certificates (SMCs) were issued to all Dredgers and Tugs.
- Document of Compliance (DOC) was issued to DCI in the year 2002 and is being endorsed every year.
- Intermediate SMC audits were successfully completed on board Dredgers.

ISPS:-

International Ship Security Certificates (ISSC) valid upto the year 2009 were obtained for all dredgers.

ISO 9001:2000:-

Quality management system (QMS) Manual and concerned departmental Manuals have been signed and issued for implementation. Further process of Internal Audits and External Audits are being planned/carried out for obtaining Certification during the year 2006-07.



DREDGING CORPORATION OF INDIA LIMITED

MEMBERS/ INVESTOR SERVICES

The shares of the Company are listed on Delhi, Mumbai, Calcutta Stock Exchanges and National Stock Exchange. The shares of the Company are dematerialised with both the depositories NSDL and CDSL. M/s. Karvy Computershare Private Limited, Hyderabad are the R & T Agents of the Company.

REVIEW OF ACCOUNTS

The review of accounts for the year ending 31st March 2006 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 2005-06 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 2005-06.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- 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.

- 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:

- 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.
- While procuring new dredgers, fuel efficient design with advanced technology is selected.
- Switching over to LDO from HFHSD/LFHSD as fuel for several dredgers resulted in cost savings.
- Continuous efforts are being made to optimise the fuel consumption on board dredgers as cost of fuel constitutes approximately 25% of operational cost.

- Technology absorption under Section 217 (1) (e): There was no transfer of technology and consequently there is no absorption of technology during the year.

- Foreign Exchange earnings and outgo Under Section 217 (1)(e): (Rs. In Lakhs)

a) Foreign Exchange Earnings :	
a) Foreign assignments	
(Chartering of dredgers abroad)	5,442.52
b) Reimbursement of spares & fuels etc., issued	746.87
Total	<u>6,189.39</u>

ii) Foreign Exchange outgo:	
a) Import of components and spares (CIF value)	3,373.89
b) Repayment of foreign currency loan	1,622.92
c) Interest paid on loans from foreign banks	293.23
d) Travelling	28.81
e) Commissions & brokerage	11.72
Total	<u>5,330.57</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, 2006 was 849, as against 914 during the previous year. Further, 20 Monthly Paid Workers (MPWs) were engaged in the Floating Establishment whose strength was same during the previous year. Out of the total Manpower of 849 as on 31.03.2006, the strength on Shore Establishment and Floating Establishment was 385 and 464 respectively.

10 shore employees were relieved under the Voluntary Retirement Scheme implemented during the year.

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, 2006 is 169 working out to 19.90% as against 19.36% for the previous year and 24.16% 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 13.22% and 65.22% as against 14.50% and 24.50% respectively prescribed by the Government.

C. Employment of Physically Handicapped

The number of physically handicapped employees in the Corporation as on 31st March, 2006 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	159	26	01	3.84
B	122	86	04	4.65
C	92	88	04	4.54
D	12	12	Nil	Nil
Total	385	212	09	4.24

The overall percentage in Group C and D posts comes to 3.84% 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 31.03.2006 is 43. Out of them number of executives is 2 and Non-Executives is 41.

WAGE SETTLEMENTS

A. Floating establishment:

- The INSA-MUI Wage Agreement in respect of Floating Officers (FG/HT) is valid upto 31.03.2008.



DREDGING CORPORATION OF INDIA LIMITED

- ii) The INSA-NUSI Wage Agreement in respect of Petty Officers(HT) is due from 01.04.2002. As advised by INSA, an amount of Rs.4,000/- p.m is being paid to the petty officers as interim relief against the wage agreements.
- iii) The Wage Agreements in respect of Crew and MPWs are due from 01.04.2000. As advised by INSA, an amount of Rs.4,500/- p.m is being paid to the Crew and MPWs as interim relief against the wage agreements.

B. Shore establishment:

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

INDUSTRIAL RELATIONS:

The Forward Seamen's Union of India (FSUI) representing Crew working on-board Dredgers served notice that they would resort to industrial actions including strike from any day after 15th July, 2005. The Union's demands include immediate implementation of the Agreement on the manning system and disbursement of pending ex-gratia to all seafarers. The Crew went on strike from early hours of 16th July, 2005 which was called off late in the evening of the same day i.e 16th July, 2005. Subsequently discussions were held with the Union and an agreement has been reached.

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 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, basing on the Apex Court's judgement and keeping in view the Government instructions on Sexual Harassment of women at work places, a circular was issued at Head Office as well as to the Projects and other offices of the Corporation, on prohibition of Sexual Harassment of working women at work places. Similarly a new provision relating to Sexual harassment of women at work places was also incorporated in CDA rules applicable to the Executive and in the Certified Standing Orders applicable to the Non-executives. 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 (WIPS) 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. 19 women employees were given various in-house and external training programmes. The WIPS co-ordinator in DCI was also nominated to attend the WIPS day celebrations and also the Coordination Meeting at New Delhi on 11-02-06.

The 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 2005-06, Rs.34 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 on International Safety Management, Internal Auditors Course, Reservation Policy, Auto-Cad, Computer Awareness, Hypackmax Seminar were held at Visakhapatnam. 10 Officers were deputed for Hydraulics Survey Training in the Naval Training School at Goa. Programming Logistics Control (PLC) for Electrical Officers etc., were organised. Apart from the above, employees were nominated to external training programmes also, conducted by reputed training institutes.

Programmes on moulding of employees towards change and achieving creative excellence/ goal setting with faculty from SAFIM, Pondicherry 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.

5 Officers (1 from Floating and 4 from shore) were deputed to Holland for undergoing training in Dredging Technology at T.I.D., Holland. 4 Officers were deputed to participate in the Dredging Days Seminar 2005 organised by CEDA at Ahoy Rotterdam-Netherlands.

21 Officers were exposed to the awareness programme on implementation of the Right to Information Act, 2005 conducted by IIPM, Kolkata.

In all training programmes, a total number of 333 employees were covered.

IMPLEMENTATION OF THE RIGHT TO INFORMATION ACT, 2005

As per the directives of the Government of India, the Right to Information Act, 2005 was implemented w.e.f 12-10-2005 and made all the required infrastructural arrangements required for implementation of the Act, such as, appointment of Public Information Officers, Assistant Public Information Officers and Appellate Authority, publication of 17 prescribed manuals giving required information about the Company for information of the public, set-up of procedure and submission of periodical reports on the progress of implementation of the Act.

ALL INDIA DREDGING CADRE :

During the year, nine Deck Cadets of 10th batch of AIDC were imparted sea-training on-board various Dredgers of the Company. Five engine cadets of the 5th AIDC batch were trained for one year in the workshop at Hindustan Shipyard Limited, Visakhapatnam.

ACTIVITIES OF PUBLIC GRIEVANCES AND COMPLAINTS CELL :

A Public Grievance Cell is functioning in the Corporation ever since 1988. The General Manager (Finance) is the Director of Public Grievances assisted by a Dy.Manager (HRD) to look into the Grievances / Complaints received from the public. No complaints from the public 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. In line with the Ministry's direction, a Public Grievance Redressal and Monitoring System (PGRAMS) software was installed in the computer network of the company during the year, which works in hand-shake mode between the Ministry and the Company.



DREDGING CORPORATION OF INDIA LIMITED

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, 2 employees in Hindi Praveen and 2 employees in Hindi Pragya were qualified. 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 Hindi Seminars / Kavi Sammelan held at Visakhapatnam and papers were also presented at Hindi Seminars.

An employee who wrote a theme song on DCI in Hindi was awarded a silver memento and a CD was released and distributed to all projects and vessels of the Corporation.

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 IT department and made available to other functional 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.

The Officers of the Company actively participated in the meetings and activities of the Town Official Language Implementation Committee, Visakhapatnam during the year.

ACTIVITIES OF VIGILANCE DEPARTMENT DURING 2005-2006

The departmental inquiries and the minor penalty proceedings initiated against the officers are in progress. During the year, the Vigilance Department conducted 16 inspections and 3 surprise checks. Depending on the outcome of the inspections, suggestions for systems improvement were made to the concerned departments and punitive action was initiated against one officer.

Vigilance Awareness week was observed in the Corporation from 07.11.2005 to 11.11.2005. Complaints received during the year have been disposed off.

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 2005-06. 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.2.00 lakhs (Rupees two lakh only) for approval of the members at this AGM.

DIRECTORS

Ministry of Shipping, Road Transport and Highways appointed Cmde.G.V.Ratnam as Director (Operations & Technical). Cmde G.V.Ratnam assumed charge as DOT on 07-06-2006. Shri C.V.Dikshith ceased to be the part-time non-official Director of the Company on completion of his term of three years on 03-09-2005. The Board is pleased to place on record its appreciation for the valuable guidance given by Shri C.V.Dikshith during his tenure as Director of the Company.

Pursuant to Section 256, of the Companies Act, 1956, Shri T.Srinidhi and Cmde.G.V.Ratnam 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 Road Transport and Highways 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.

For and on behalf of the Board of Directors

Place : VISAKHAPATNAM

(N.K.GUPTA)

Dated : 09-08-2006

CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE - I

INFORMATION IN RESPECT OF DREDGERS AND FLOATING CRAFTS OF DCI

Craft Power	Year of Built	Type of Vessel	Maximum Dredging Depth	LOA (Mts.)	Draft (Mts.)	Installed Hopper Volume (Cu.M)	Installed Horse
DCI Dredge V	1974	Self Propelled TSHD	22.00	100.00	6.52	3539	-
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-VII	2005	Self Propelled (Twin Screw)	-	42.30	4.50	-	22.00T (Bollard Pull)
"A" Frame Pontoon - II	1982	Non propelled	-	16.50	0.50	-	-
Desilting 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 2006 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)

	2003-04	2004-05	2005-06
LIABILITIES			
A) Paid up Capital			
i) Government	2199.77	2199.77	2199.77
ii) Others (*)	600.23	600.23	600.23
B) Reserves & surplus			
i) Free Reserves & Surplus	35684.21	43192.55	53149.66
ii) Share Premium Account	0.00	0.00	0.00
iii) Reserve u/s 33AC of the Income Tax Act 1961	33300.00	33300.00	33300.00
iv) Reserve u/s 33AC Utilisation Account	6700.00	6700.00	5600.00
v) Capital Reserve	451.83	451.83	451.83
vi) Tonnage Tax Reserve u/s115 VT of IT Act.	0.00	0.00	4000.00
C) Borrowings			
i) From Government of India	0.00	0.00	0.00
ii) From Financial Institutions	0.00	0.00	0.00
iii) Foreign Currency Loans	7884.37	6261.45	4638.53
iv) Cash Credits	0.00	0.00	0.00
v) Others	0.00	0.00	0.00
vi) Interest Accrued and Due	0.00	0.00	0.00
D) i) Current Liabilities & Provisions	15758.89	11982.89	17129.54
ii) Provision for Gratuity	35.70	244.97	270.79
E) Deferred Tax Liability	7570.99	7530.00	0.00
TOTAL	110185.99	112463.69	121340.35
ASSETS			
F) Gross Block	83251.30	83336.21	84876.08
G) Less : Depreciation	43130.53	47832.20	51527.43
Less : Impairment loss	0.00	1.65	1.50
H) Net Block	40120.77	35502.36	33347.15
I) Capital Works in Progress / Equipment in Transit	1311.89	1378.74	2441.47
J) Investments	0.01	100.01	550.01
K) Current Assets, Loans & Advances	64565.70	70242.18	85001.72
L) Deferred Tax Assets	4187.62	5240.40	0.00
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	110185.99	112463.69	121340.35
O) Working Capital [K-D(i)-C(vi)]	48806.81	58259.29	67872.18
P) Capital employed [H+O]	88927.58	93761.65	101219.33
Q) Net Worth [A+B(i) + B (ii) - M - N]	38484.21	45992.55	55949.66
R) Net worth per Rupee of Paid up Capital (in Rupees) [Q/A]	13.74	16.43	19.98

(*) 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)

	2003-04	2004-05	2005-06
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))}	409.71	586.19	496.23
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]}	20.49	13.61	8.29
C. PROFITABILITY RATIOS			
a) Profit Before Tax to :			
i) Capital employed	19.84	18.76	16.98
ii) Net worth	45.85	38.24	30.71
iii) Sales	33.89	33.51	33.90
b) Profit After Tax to Equity	607.20	404.60	630.22
c) Earning per Share (in Rupees)	60.72	40.46	63.02



DREDGING CORPORATION OF INDIA LIMITED

3. WORKING CAPITAL

The percentage of working Capital (Current Assets, Loans and Advances **Less** Trade Dues and Current Liabilities and Provisions) was 94%, 111% and 134% of Income from Operations during the last three years ending 31st March 2006.

	2003-04	2004-05	2005-06
A) Percentage of Working Capital to Capital employed	55	62	67
B) Percentage of Borrowed Capital to Net Worth Plus Borrowed Capital	17	12	8

4. SOURCES AND UTILISATION OF FUNDS

During the year 2005-2006 funds amounting to Rs. 26622.41 lakh were realised from internal and external sources and were utilised as given below :

	(Rs. in Lakh)
2005-2006	
I. SOURCES OF FUNDS	
a) i) Funds from Operations	17645.29
ii) Depreciation	3709.15
b) Sales of Fixed Assets	1.75
c) Increase in Provision for Gratuity	25.82
d) Decrease in Deferred Tax Assets	5240.40
TOTAL	26622.41
II. UTILISATION OF FUNDS	
a) Increase in Fixed Assets	2617.55
b) Increase in Capital Work in Progress	0.00
c) Increase in Investments	450.00
d) Decrease in borrowed funds	1622.92
e) Dividend Declared and Tax thereon	4789.05
f) Increase in Working Capital	9612.89
g) Decrease in Deferred Tax Liabilities	7530.00
TOTAL	26622.41

5. WORKING RESULTS

The working results of the Company as a whole for the three years ended 2005-2006 are as follows : (Rs. in lakh)

	2003-04	2004-05	2005-06
1) Income (from Operations)	52063.13	52478.87	50689.89
2) Other Income	4029.93	2683.01	3598.73
3) Profit (from Operations)	15228.02	15117.11	14348.74
4) Total profit for the year (*)	17645.87	17586.76	17183.35
5) Profit After Tax	17001.47	11328.87	17646.16
6) Percentage of profit (from Operations) to Capital Employed	17.12	16.12	14.18
7) Percentage of Net profit to Equity Capital	607.20	404.60	630.22

(*) The profit for the above three years include Rs. 1831.41 lakh, Rs. 2369.20 lakh and Rs. 2977.51 lakh respectively being the non-operational income of interest on Fixed Deposits with Banks.

6. INVENTORY LEVELS

Inventory levels at the end of the last three years are given below :

	2003-04	2004-05	2005-06
Stock of Spares and Stores			
a) Imported	675.94	984.37	636.01
b) Indigenous	196.15	222.16	294.29
TOTAL	872.09	1206.53	930.30
Stock of Spares and Stores in transit			
a) Imported	42.70	146.96	117.27
b) Indigenous	2.94	0.00	0.00
TOTAL	45.64	146.96	117.27
TOTAL INVENTORIES (NET)	917.73	1353.49	1047.57

7. SUNDRY DEBTORS

Details of the Sundry Debtors vis-a-vis Operational Income during the last three years are given below:

	2003-2004	2004-2005	2005.06
Sundry Debtors			
i) Considered Good	14780.49	14255.31	19620.68
ii) Considered Doubtful	8336.24	12288.30	12950.28
TOTAL	23116.73	26543.61	32570.96
Operational Income	52063.13	52478.87	50689.89
Percentage of Debtors to Operational Income	44.40	50.58	64.26

Place : Hyderabad

Date : 10- 07-2006

(S.B.PILLAY)
PRINCIPAL ACCOUNTANT GENERAL (CIVIL AUDIT)
ANDHRA PRADESH, HYDERBAD