



DREDGING CORPORATION OF INDIA LIMITED

NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting of the shareholders of Dredging Corporation of India Limited will be held at 1000 hrs on Thursday, the 24th September, 2009 in Siri Fort Auditorium No.1, Siri Fort Cultural Complex, August Kranti Marg, New Delhi - 110049 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report for the year 2008-09, the audited Balance sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended 31st March, 2009 together with the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. A.R.Goyal who retires as rotational Director and is eligible for re-appointment.
4. To appoint a Director in place of Shri P.V.Ramana Murthy 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, Rao & Narayan, Chartered Accountants appointed by Comptroller and Auditor General of India be and is hereby fixed at Rs.2.50 lakh (rupees two lakh and fifty thousand only) plus service tax as applicable for the year 2008-2009".

By Order of the Board of Directors

Place : Visakhapatnam (K.Aswini Sreekanth)
Dated : 23-08-2009 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, 2009 to 24th September, 2009 (both days inclusive).

3. Dividend on equity shares as recommended by the Directors for the Financial year ended 31st March, 2009, 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, 2009 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, 2009.
4. a) Members holding shares in physical form are requested to furnish bank details by 3rd September 2009 to our R & T Agent - M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vithal Rao Nagar, Hyderabad- 500 081 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, in the cities where the facility for ECS is available.

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 2008-09 should be lodged with M/s Karvy Computershare Private Limited on or before, 3rd September, 2009.



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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 on or before 3rd September, 2009.
- 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 2001-2002 declared at the AGM held on 27-09-2002 is due for transfer to the IEP Fund on 27-10-2009.

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, Dr. A.R. Goyal and Shri P. V. Ramana Murthy 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 33RD ANNUAL GENERAL MEETING

Name of the Director	Dr. A.R. Goyal	Shri P. V. Ramana Murthy
Date of Birth	15/03/1955	15/12/1954
Date of Appointment	09/10/2007	05/12/2007
Qualifications	B.Sc., M.Sc., Ph.D	B.Com, ACA
Expertise in specific functional areas	Vast experience in administrative, technical, vigilance matters and also in trade negotiations with South / North East Asian Countries. Earlier worked in various Ministries like Ministry of Defence, Ministry of Agriculture and Ministry of Commerce. Presently working as Director (Finance) in the Ministry of Shipping, Ministry of Road Transport and Highways.	Expierience in Finance & Accounts. Prior to joining DCI as Director (Finance) had held the post of General Manager (Finance) in Bharat Dynamics Limited. He also worked earlier in Andhra Pradesh State Financial Corporation and Hindustan Aeronautics Limited.
Shareholding in DCI	NIL	NIL



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DIRECTORS' REPORT FOR THE YEAR 2008-2009

Your Directors have pleasure in presenting this 33rd Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

The Company earned an operational income of Rs. 68522.19 lakh compared to Rs. 70531.72 lakh for the previous year.

The other income is a record Rs.14700.11 lakh as compared to Rs. 6614.79 lakh for the previous year.

The total income for the year is a record Rs. 83222.30 lakh as compared Rs. 77146.51 lakh for the previous year.

Profit after tax is Rs. 4637.17 lakh as compared to Rs.15481.86 lakh for the previous year. During the year, the Accounting policies for Spares and stores and Fixed Assets have been changed pursuant to the expert opinion given by the Institute of Chartered Accountants of India, New Delhi which resulted in increase in profit by Rs.3310 lakhs.

The Company's earning per share for 2008-2009 is Rs.16.56 as compared to Rs. 55.29 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% on the paid up capital of the Company absorbing an amount of Rs.1638.08 lakh including dividend tax of Rs. 238.08 lakh for the year 2008-09. For the previous year 2007-08 dividend @ 150% (including 75% interim dividend paid in March 2008) involving Rs.4913.94 lakh including dividend tax of Rs.713.81 lakh was paid. A sum of Rs.500.00 lakh has been transferred to General Reserves.

LOANS

As on 31st March 2009 an amount of Rs. 551.03 lakh is outstanding towards loan taken from ABN AMRO Bank for Dredger XVI, after paying interest and installment of the principal regularly as per the terms and conditions of the relevant loan agreement.

DCI FLEET

As on 31st March 2009 your Company has in operation among others, 10 Trailer Suction Hopper Dredgers (TSHD) and 2 Cutter Suction Dredgers (CSD). The Craft wise particulars are at Annexure-I.

DREDGING OPERATIONS

During the year under review, maintenance dredging contracts were executed at Kolkata/ Haldia, Paradip, Visakhapatnam, Mormugao, New Mangalore and capital dredging for Sethusamudram Ship Channel Project and Paradip Port. 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 capacity utilisation during the year is 91% of available capacity.

NEW CONTRACTS TAKEN UP

- Maintenance dredging for Kolkata Port w.e.f 1/1/09 for a period of five years.
- Maintenance dredging at New Sand Trap and beach nourishment/sea dumping for Visakhapatnam Port for a period of five years w.e.f 04/04/2009.
- Pre and post monsoon maintenance dredging of outer channel and lagoon of New Mangalore Port for a period of two years w.e.f 08/06/2009.

PLAN PROPOSALS

Order has been placed in October, 2005 for procurement of one number Cutter Suction Dredger of 2000 Cu.M solids per

hour capacity. The delivery which is scheduled to be in December, 2007 is delayed and is now expected to be in September, 2009.

Order has been placed in Jan 2009 for procurement of one back hoe dredger and is expected to be delivered by the end of July, 2010.

Action is on hand for procurement of three numbers 5000 Cu.M hopper capacity Trailer Suction Hopper Dredgers. Action is also on hand for procurement of two hopper barges.

MEMORANDUM OF UNDERSTANDING

For the 18th consecutive year, your Company has signed Memorandum of Understanding (MOU) with Government of India for the year 2009-10. The Company expects the rating of 'GOOD' for the year 2008-09.

INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE

The progress of implementation of ISM, ISPS and ISO upto 31st March, 2009 is as follows:-

Ship Security System (ISPS)

International Ship Security Certificates (ISSC) was obtained for all vessels.

Quality Management System (ISO 9001:2000)

DCI is certified for ISO 9001:2000(QMS) by Indian Register of Shipping (IRS). The second surveillance audits for QMS at HO and Project Offices at Chennai and Nagapattinam were successfully completed.

Environment Management System (ISO 14001:2004)

The implementation of EMS in DCI in accordance with ISO 14001:2004 (EMS) is in progress and the MOU targets with respect to the same are being met.

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.

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

The particulars of employees for the year 2008-09 as required under Sec. 217 (2A) of the Companies Act, 1956 is enclosed at Annexure - II.

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 a 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.



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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:
- 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) system to facilitate efficient dredging with potential energy saving.
 - While procuring new dredgers, fuel efficient design with advanced technology is selected.
 - Continuous efforts are being made to optimise the fuel consumption on board dredgers as cost of fuel constitutes approximately 30% of operational cost.
- 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 : | 0.00 |
| Total | <u>0.00</u> |
| ii) Foreign Exchange outgo: | |
| a) Import of components and spares (CIF value) | 7150.83 |
| b) Repayment of foreign currency loan | 1102.07 |
| c) Interest paid on loans from foreign banks | 69.99 |
| d) Travelling | 5.37 |
| e) Chartering charges | 8651.95 |
| Total | <u>16980.21</u> |

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, 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, 2009 was 767, as against 769 during the previous year, excluding MPWs.

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 fulfill its obligation in providing employment opportunities to SC/ST candidates, in accordance with the Government Policy. The overall representation of SC/STs in the Corporation (both Shore and Floating Establishments, but excluding MPWs) as on 31st March, 2009 was SCs 106, i.e., 13.82% as against prescribed percentage of 16.66% and STs 40 i.e., 05.22% as against the prescribed percentage of 7.5%.

B. Employment of Ex-Servicemen

The representation of Ex-Servicemen (both Shore and Floating) in group C and D categories in the Corporation was

12.00% and Nil as against the percentage of 14.50% and 24.50% respectively as prescribed by the Government.

C. Employment of Physically Handicapped

The number of physically handicapped employees in the Corporation as on 31st March, 2009 is 8 (eight), the group-wise break-up A, B, C & D is as furnished hereunder:-

Group	Sanctioned strength	Total strength in identified posts	No.of persons with disabilities actually employed	Percentage with reference to identified posts
A	198	51	01	1.96
B	103	69	04	5.79
C	65	63	03	4.76
D	09	09	Nil	Nil
Total	375	192	08	4.16

The overall percentage of Group 'A' & 'B' posts comes to 4.16% of the identified posts in these Groups, which is higher than the prescribed percentage of 3%. The overall percentage of Group 'C' and 'D' posts comes to 4.05% of the total sanctioned strength in these groups which is higher than the prescribed percentage of 3%. The Physically handicapped persons are being paid additional conveyance assistance as per the Government instructions.

D. Employment of OBC personnel

Employment of OBC personnel (both shore and floating) in the company is 4.16% as against prescribed percentage of 27% by the Government. Instructions dated 23/09/1993 on reservations on OBC were received during October, 1993. As and when the vacancies are to be filled, the reservations for OBCs are being complied as per Government instructions. The above percentage of OBC reservation has been calculated based on the total number of employees as on 31/03/2009, including those recruited prior to 1993.

E. Employment of women

The number of women employees on Rolls as on 31.03.2009 is 46. Out of them number of executives is 10 and Non-Executives is 36.

Compliance with Government's Policy on Women :

Basing on the Supreme Court's judgement and keeping in view the Government instructions on sexual harassment of women at work places, a complaints Committee headed by a woman officer was constituted to inquire into the complaints of sexual harassment at work places. A complaints register is also being maintained.

DCI is a Life Member of the Forum for Women in Public Sector and one women's representative from DCI has been nominated to the above forum. Apart from the Trade Unions, the problems, if any, relating particularly to women employees are looked into as and when the same are brought to the notice of the Management.

Existing Benefits and Welfare Measures for the Women Employees :

- The women employees in the Corporation are entitled to 135 days of Maternity Leave.
- Special Casual leave not exceeding 14 working days is sanctioned to regular women employees of the Corporation to undergo non-puerperal sterilisation.
- One day special casual leave is allowed to the regular women employees of the Corporation who had ICUD insertions.
- A rest room is provided exclusively for the women employees.



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v) Working uniforms are provided to Group 'D' women employees, as per the scales prescribed in the Rules.

vi) The women employees are sponsored to various in-house and also external training programmes. Out of 46 women employees 19 had undergone training during the past one year i.e., from 01.04.2008 to 31.03.2009.

WAGE SETTLEMENTS

A. Floating establishment:

i) The INSA-MUI (FG/HT) Agreements in respect of Floating Officers, are due w.e.f., 01/04/2008.

ii) The INSA-NUSI Agreements, relating to HT Petty Officers was implemented upto 31/03/2010.

iii) The Wage Agreement of Crew was implemented upto 31/03/2010.

B. Shore establishment:

i) The Revised pay scales of Executives have been implemented w.e.f. 01.01.2007, excluding perks.

ii) Wage Revision for Non-Executive Employees in the Shore Establishment is due from 01.01.2007

INDUSTRIAL RELATIONS:

The industrial relations in the Corporation continued to be cordial throughout the year 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, and Mediclaim medical attendance facility for the retired 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.

HUMAN RESOURCES DEVELOPMENT

The Company is making sincere and concerted efforts for the overall development of Human Resources, both on shore and floating establishments. During the financial year 2008-09, total 7 various In-house Training Programmes were conducted, covering total 118 employees. An amount of Rs. 22.00 lakhs (approx.) was spent on the Management Development and training activity, benefiting majority of the employees on both establishments. During the year, employees were nominated to participate in the various training programme and Seminars/Conferences on effective Spare Parts Management, Company Security Officers Training, RTI Act, Women Management, ICAI Corporate Conclave, Lead Auditor Course and Maritime-2009 etc.,

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 Shore Officers were deputed for Company Security Officer (CSO) Course.

As against target of 131 personnel to be trained under the MoU Targets, a total of 167 employees were trained in the specified programmes.

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 all the required infrastructural arrangements required for

implementation of the Act were made, such as, appointment of Public Information Officers, Assistant Public Information Officers and Appellate Authority, publication of 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 the officers concerned were imparted training and sent to seminars conducted by professional bodies. A Register is also being maintained for monitoring the requests from public seeking information and the replies by the concerned are also being co-ordinated

ALL INDIA DREDGING CADRE :

Under the AIDC Scheme, 9 Deck Cadets of 11th Batch are undergoing Training onboard and 5 Engine Cadets 6th Batch have undergone training at Garden Reach ship Builders & Engineers Limited, Kolkata, and presently undergoing on-board training.

ACTIVITIES OF PUBLIC GRIEVANCES AND COMPLAINTS CELL :

A Public Grievance Cell has been functioning in the Corporation since 1988 to look into the Grievances / Complaints received from the public. The General Manager (Fin.) is the Director of Public Grievances, assisted by a Manager (OL). As per the Ministry's guidelines, a status report is being submitted for the information of the Board of Directors at the Board meetings and a quarterly status report is forwarded to the Ministry. In line with the Ministry's direction, a Public Grievance Redressal and Monitoring System (PGRAMS) software was installed in the Computer Network in the Corporation, which works in hand-shake mode between the Ministry and the Corporation. Two complaints received during the year were suitably replied to.

INFORMATION & FACILITATION COUNTER

In order to ensure 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 and the same is publicised in the website also.

CITIZEN'S CHARTER

As per the Directives of Government of India, in order to focus on the commitment of DCI towards its citizens / clients in respect of standard of services, information, choice and consultation, non-discrimination and accessibility, grievance redress, courtesy and value for money, including expectations of the Organisation from the citizen/client for fulfilling the commitment of the Organisation, a Citizen's Charter approved by the Competent Authority was posted on the Corporate Website.

As part of requirement thereof, a Task Force has been constituted with representatives from various levels of Management and Staff Unions, as well as from the Visakhapatnam Port Trust, a local Clientele Organisation. The Task force attends to the duties as prescribed by the Department of Administrative Reforms and Public Grievances. The General Manager (HR) is designated to be the Nodal Officer to coordinate and monitor the formulation and implementation of the Citizens Charter in DCI, who also functions as the Member Secretary of the Task Force.

PROGRESSIVE USE OF HINDI

The Corporation continued its efforts to implement the Official Language Policy of the Government. An Incentive Scheme to award cash prizes, personal pay etc., is in vogue in the Corporation and the employees trained under in service training in Hindi and qualified in various examinations conducted thereunder are being awarded cash awards and personal pay.

Hindi Fortnight was observed and Hindi Exhibition was organised in the month of September, 2008.



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

The Corporation was awarded Consolation Prizes by the Ministry of Shipping, Road Transport and Highways, for progressive use of Hindi during the years 2005-06, 2006-07 and 2007-08

ACTIVITIES OF VIGILANCE DEPARTMENT DURING 2008-2009

Under preventive vigilance, during the year, the Vigilance Department conducted 17 inspections and 6 surprise checks. Some suggestions for systems improvement were made to the concerned departments. During the year, 3 Minor Penalty cases were disposed off by the Disciplinary Authority. 1 Major penalty case brought forward from previous year was also disposed off. Complaints received during the year were disposed off. Vigilance Awareness week was observed in the Corporation from 03/11/2008 to 07/11/2008.

IMPLEMENTATION OF JUDGEMENTS/ ORDERS OF THE CAT

There were no judgements/Order of the CAT pertaining to the Company during the year

AUDITORS

M/s Rao & Narayan Chartered Accountants were appointed by the Comptroller and Auditor General of India as Auditors for auditing the accounts of the Company for the financial year 2008-09. 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.2.50 lakhs (Rupees two lakh and fifty thousand only) plus service tax as applicable for approval of the members at this AGM.

AUDITORS' REPORT

The Notes to the Accounts at Note No. 8 (f) & 8 (g), Schedule XIV, give the status to the comment at para 5(vi) of the Auditors Report regarding account for Spares and Stores, and income from Sethusamudram project which is self explanatory and therefore does not call for any further comments of Directors.

C&AG COMMENTS

The Comments of the Comptroller and Auditor General of India on the Accounts for the year ended 31st March, 2009 are placed next to the Auditors Report.

DIRECTORS

As per the Articles of Association of the Company all the Directors are appointed by the President of India as communicated through the administrative Ministry - Ministry of Shipping.

During the year, Cmde.G.V.Ratnam resigned from the post of Director(Operations and Technical) and ceased to be in the post w.e.f 17/9/08.

Ministry vide its letter No. PO/28028/15/2008-DCI dt 19/8/09 communicated the appointment of Shri P.Sreedharan, Chief General Manager (Technical) as Director (Operations & Technical). Shri P.Sreedharan, held the additional charge of Director (Operations and Technical) from 18/9/08 to 17/12/08. Pursuant to Section 256, of the Companies Act, 1956 Dr.A.R.Goyal and Shri P.V.Ramana Murthy retire at this meeting and are eligible for re-appointment. The Board recommends for their re-appointment in this meeting.

ACKNOWLEDGEMENTS

The Directors thank Hon'ble Minister of Shipping and officers and staff of Ministry of Shipping 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 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

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Place: VISAKHAPATNAM (Capt.S.S.TRIPATHI)

Date: 23/08/2009 CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE - I

INFORMATION IN RESPECT OF DREDGERS AND FLOATING CRAFTS OF DCI

Craft	Year of Built	Type of Vessel	Maximum		Installed		Installed Horse Power
			Dredging Depth	LOA (Mts.)	Draft (Mts.)	Hopper Volume (Cu.M)	
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	6.31	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	22.00	110.31	5.50	4500	-
DCI Dredge XIV	1991	Self Propelled TSHD	22.00	110.31	5.50	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)	-	45.9	3.6	-	22.00T
Survey Launch - I	1999	Survey Launch	-	12.5	1.06	-	-
Survey Launch - II	2009	Survey Launch	-	16	1.45	-	-
Survey Launch - III	2009	Survey Launch	-	16	1.45	-	-



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ANNEXURE - II

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

Name	Design.	Remn. recd. (Rs.)	Nature of Employment	Terms & Conditions	Nature of Duties	Qual. & Experience	Period From To	Age	Last Empl.
1 N GANGOPADHYAY	CEO	825770	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	26/10/0821/01/09	64	DCIL
2 D L NARAYANA	CEO	881463	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	28/01/0910/03/09	64	DCIL
3 R N MANNA	2/EO	224350	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/03/0930/03/09	52	DCIL
4 S K GHOSH	CEO	237124	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/04/0830/04/08	64	DCIL
5 M JAYRAJAN	CEO	225421	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/02/0928/02/09	56	DCIL
6 M RAJAMANI	CEO	779043	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/10/0819/01/09	61	DCIL
7 UDAY MITRA	CEO	733715	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/11/08 31/01/09	60	DCIL
8 T K PAL	CEO	220802	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/10/0831/10/08	60	DCIL
9 S MANKOTIA	D/M	811227	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-I	01/09/0817/10/08	64	INDIAN NAVY
10 P M MORKAR	D/M	867767	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-I	01/06/0831/07/08	61	DCIL
11 P N MURTHY	CEO	864995	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/05/0830/06/08	57	DCIL
12 PRADEEP PAUL	D/M	1134744	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-I	01/10/0828/02/09	58	DCIL
13 L K ANAND	D/M	203442	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-I	01/11/08 30/11/08	59	DCIL
14 S TRINADHA RAO	CEO	1418449	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/03/0830/09/08	59	DCIL
15 K N LAL	CEO	599978	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/05/0829/07/08	62	DCIL
16 P WANIKAR	CEO	1149498	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/07/0830/11/08	55	DCIL
17 S K KAUSHIK	D/M	691622	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-1	06/01/0926/03/09	62	DCIL
18 S MANI	D/M	1130118	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-1	01/04/0830/04/08	60	DCIL
19 D S CHAUHAN	D/M	2247359	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-1	01/03/0831/03/08	61	DCIL
20 A K DAS	CEO	719041	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/09/0830/11/08	61	DCIL
21 MALAY DAS	D/M	683886	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-1	01/12/0830/06/08	57	DCIL
22 S RAMACHANDRA	D/M	729800	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-1	01/06/0814/09/08	61	DCIL
23 D K SAHU	CEO	457982	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/04/0831/05/08	58	DCIL
24 P K KUNDU	CEO	623700	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	14/05/0810/08/08	58	DCIL
25 SYED AARIFF AHMED	D/M	501825	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-1	01/09/0831/10/08	52	MERCH NAVY
26 D K KALRA	D/M	1428824	CONTRACT	AS PER OFFER	DREDGING	MASTER GR-1	07/10/0803/03/09	64	DCIL
27 TAPAS KUMAR DAS	CEO	677775	CONTRACT	AS PER OFFER	DREDGING	MEO CL -I	01/12/0802/03/09	59	DCIL



DREDGING CORPORATION OF INDIA LIMITED

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing shareholder value and its image in the prevailing competitive business scenario. The policies and practices of the Company are aimed at efficient conduct of business and effectively meeting its obligations to shareholders, customers, employees and society at large. The Company has consistently sought to improve its focus by increasing transparency and accountability to all its stakeholders.

2. BOARD OF DIRECTORS

2.i Composition of Board of Directors as on 31/03/2009: Pursuant to the Articles of Association of the Company all the Directors are appointed by the President of India. Part-time Non-Official Directors are independent Director pursuant to Clause 49 of the Listing Agreement. The composition of the Board as on 31/03/2009 is as under:-

Name	Executive/ Non-Executive	Official/Non-Official	Age	Qualifications
i) Capt.S.S.Tripathi, CMD	Executive	Whole-time official	52	MBA, Master (FG)
ii) Shri P.V.Ramana Murthy,DFN	Executive	Whole-time official	54	B.Com, ACA
iii) Shri Rakesh Srivastava , IAS	Non-Executive	Part-time official	50	M.Sc.
iv) Dr.A.R.Goyal	Non-Executive	Part-time official	54	B.Sc., M.Sc.,Ph.D
v) Dr.S.Narasimha Rao	Non-Executive	Part-time Non-official	68	B.E, M.E, Ph.D
vi) Shri S.Balachandran	Non-Executive	Part-time Non-official	63	B.Sc, M.Sc
vii) Dr. Debashis Sanyal	Non-Executive	Part-time Non-official	51	M.Com,AICWAI, Ph.D
viii) Prof.Gautam Barua	Non-Executive	Part-time Non-official	55	B.Tech., M.Tech.,Ph.D
ix) Shri A.Soundararaajan	Non-Executive	Part-time Non-official	54	B.Sc, FCA

Changes after 1/4/08

Name	Date	Nature of Change
i) Cmde G.V.Ratnam	17/09/2008	Cessation
ii) Shri P.Sridharan	18/09/2008	Assignment of Additional charge of Director (Operations and Technical) for a period of three months
iii) Shri P.Sridharan	17/12/2008	Completion of Assignment of Additional charge of Director (Operations and Technical)
iv) Shri P.Sridharan	20/08/2009	Appointed as Director (Operations and Technical)

Brief profile of the Directors appointed on or after 1/4/08 and continuing as on date of this report

Shri P.Sridharan has taken over the charge of Director (Operations & Technical) w.e.f 20/08/2009. Prior to this he was Chief General Manager (Technical) in the Company and also held the additional charge of Director (Operations & Technical) for three months from 18/09/08 to 17/12/08. He joined DCI on 20/8/04 as General Manager (Technical). Shri Sridharan is B.E(Mechanical) and a First Class Engineer (Motor) Certificate of Competency issued by DG Shipping, Govt. of India. Prior to joining DCI he worked in Poompuhar Shipping Corpn. Limited, a Government of Tamil Nadu Undertaking for 8 years and Transport Corpn. India Ltd.at Chennai as Head of Operations & Technical Dept for 1 year. He started his career with Shipping Corporation Of India Limited (SCI) in 1974 and served in different capacities in the organisation till 1992. He then worked in Poompuhar Shipping Corpn. Limited, a Government of Tamil Nadu Undertaking and Transport Corpn. India Ltd.at Chennai as Head of Operations & Technical Dept.

2.ii Attendance Record of Directors : 2008-09

Eight Board Meetings were held during the year 2008-09. Attendance of Directors at the meetings of Board of Directors during the financial year 2008-09 and the last Annual General Meeting held on 29.09.2008 is as follows:-



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Name of the Director	No. of Board Meetings		Attended last AGM
	During tenure	Attended	
1. Capt.S.S.Tripathi	8	8	Yes
2. Dr.S.Narasimha Rao	8	7	Yes
3. Shri P.V.Ramana Murthy	8	8	Yes
4. Shri Rakesh Srivastava, IAS	8	4	--
5. Dr. Gautam Barua	8	1	Yes
6. Shri A. Soundararajan	8	7	Yes
7. Shri S. Balachandran	8	8	Yes
8. Dr.A.R.Goyal	8	7	--
9. Dr. Debashis Sanyal	8	5	--
10. Shri P. Sridharan	1	1	--
11. Cmde. G. V. Ratnam	4	4	--

2.iii Number of other Boards / Board Committees in which Directors are Members/ Chairperson:

Director	No. of outside position held	
	Directorships	Committee
1. Capt.S.S.Tripathi	3	-
2. Dr. S. Narasimha Rao	1	-
3. Shri P.V.Ramana Murthy	-	-
4. Shri Rakesh Srivastava	3	-
5. Gautam Barua	-	-
6. Shri A. Soundararajan	-	-
7. Shri S. Balachandran	5	1
8. Dr.A.R.Goyal	2	1
9. Dr.Debashis Sanyal	-	-
9. Shri P. Sridharan	-	-
10. Cmde. G.V.Ratnam	-	-

2.iv Details of Board Meetings held during 2008-09

Sl.No.	Date	Place	No. of Directors Present
1.	16/05/2008	Visakhapatnam	9
2.	20/06/2008	Visakhapatnam	9
3.	25/07/2008	Visakhapatnam	10
4.	18/08/2008	Paradip	5
5.	30/10/2008	Visakhapatnam	8
6.	02/01/2009	Visakhapatnam	6
7.	30/01/2009	Chennai	7
8.	18/03/2009	New Delhi	6

3 AUDIT COMMITTEE

3.i The Audit Committee is constituted in accordance with the requirements of the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The quorum for meetings of the Audit Committee is two Members or one third of the Members of the Audit Committee whichever is greater, but there should be a minimum of two independent Directors present. The powers, terms of reference and regulations of the Committee have been fixed by the Board as per the provisions of Section 292 A of Companies Act, 1956 read with the requirements of the Clause 49 of the Listing Agreement. The Company Secretary acts as Secretary of the Audit Committee. The Committee Meetings are also attended by Director (Finance) and Statutory Auditors. Further, Internal Auditors, Heads of Departments and senior executives attend the Audit Committee Meetings as and when required by Audit Committee.



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3.ii The Constitution of the Audit Committee as on 31-03-2009 is as under :-

1. Dr.S.Narasimha Rao : Chairman
2. Dr.A.R.Goyal : Member
3. Dr.Debashis Sanyal : Member
4. Shri A.Soundararaajan : Member
5. Shri S. Balachandran : Member (w.e.f. 18/08/2008)

3.iii Meetings of the Audit Committee and attendance during the year 2008-09:

Details of Audit Committee Meetings held during the year 2008-2009:

Sl.No.	Date	Place	No. of Members Present
1.	19/06/2008	Visakhapatnam	4
2.	25/07/2008	Visakhapatnam	4
3.	18/08/2008	Paradip	2
4.	30/10/2008	Visakhapatnam	5
5.	29/01/2009	Chennai	5

Details of attendance in Audit Committee Meetings during 2008-09:

	Name of the Director	No. of Meetings	
		during tenure	Attended
1.	Dr.S.Narasimha Rao	5	5
2.	Dr.A.R.Goyal	5	4
3.	Dr.Debashis Sanyal	5	4
4.	Dr.A.Soundararaajan	5	4
5.	Shri S. Balachandran	3	3

4 REMUNERATION OF DIRECTORS

4.i DCI being a Government of India Undertaking, the remuneration payable to its whole-time Directors is as per the Rules and Regulations prescribed by the Government of India, received through the Administrative Ministry, Ministry of Shipping. As such the company has not constituted any remuneration committee for Directors.

4.ii The part-time official (Government) Directors do not receive any remuneration from the Company.

4.iii The Part-time Non-Official Directors were paid sitting fees of Rs.3,000/- for each Board/Committee meeting attended by them.

4.iv DCI does not have a policy of paying commission on profits to any of the Directors of the Company.

4.v Remuneration paid to Whole time Directors during 2008-09 is as under :-

(Rs. in lakhs)

Name	Salary	P.F.Contribution	Medical	Total
1. Chairman and Managing Director	9.43	0.80	0.23	10.46
2. Director (Operations & Technical)*	5.11	0.32	0	5.43
3. Director (Finance)	9.64	0.74	0.10	10.48

* Cmde. G.V.Ratnam was Director (Operations & Technical) upto 17/09/2008.

In addition to the above, wherever necessary, the travelling, hotel and other related expenditure is being arranged/ reimbursed to the Directors for attending the Board and other meetings.

4.vi. The Company presently does not have any Stock Option Scheme .

5. SHAREHOLDERS COMMITTEE

SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE

The Shareholders/ Investor Grievance Committee has been looking into grievances of shareholders/ investors and to suggest remedies and measures for improvement.

5.i The constitution of the Shareholders/ Investors Grievance Committee as on 31/3/2009 is as under :-

- i) Dr.S.Narasimha Rao : Chairman
- ii) Shri S.Balachandran : Member
- iii) Shri P.V.Ramana Murthy : Member

The Committee held one meeting during the year in the month of January, 2009.



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- 5.ii K.Aswini Sreekanth, Company Secretary is designated as Compliance Officer.
- 5.iii During the year 2008-09, 307 complaints were received from shareholders, 6 complaints were forwarded by SEBI and 1 complaint was forwarded by Stock Exchanges.
- 5.iv Every effort was made to resolve the complaints to the satisfaction of the investors by the Company and R&T Agents.
- 5.v There are no pending complaints as on 31/03/09.

SHARE TRANSFER COMMITTEE

The Company has a Share Transfer Committee constituted in the year 1997. As on 31st March, 2009 the Share Transfer Committee has Chairman and Managing Director, Director (Finance) and Director (Operations & Technical) as members. The Committee is authorized to approve transfer and transmission of shares of the Company. Share transfer/ transmission and other important matters are attended in time under the control of Company Secretary. As on 31-3-09 the company had 56,728 shareholders. The company has been taking all steps to ensure that shareholder related activities are given top priority and matters are attended to immediately. M/s Karvy Computershare Private Limited, Hyderabad is the Registrar and Transfer Agent of the Company providing the services of physical share registry work and electronic interface facility with the depositories.

6 GENERAL BODY MEETINGS

6.i Details of last 3 Annual General Meetings:-

	2005-06- 30th AGM	2006-07- 31st AGM	2007-08-32nd AGM
1. Date	28-9-2006	28-9-2007	29-9-2008
2. Time	1000 hrs.	1000 hrs.	1000 hrs.
3. Venue	NDMC Indoor Stadium, Talkatora Garden New Delhi - 110001	Siri Fort Auditorium August Kranti Marg New Delhi - 110049	Siri Fort Auditorium August Kranti Marg New Delhi - 110049

- 6.ii During the previous three years, no special resolution was passed.
- 6.iii During the previous year, no special resolution was passed through postal ballot.
- 6.iv No resolution was passed through postal ballot during the previous year.
- 6.v There is no proposal before the AGM of this year requiring conduct through postal ballot.

7 DISCLOSURES

- 7.i In terms of Accounting Standard 18(Revised-2000), no disclosure is required in the financial statements of State controlled enterprise (An enterprise which is under the control of the Central Government and/or State Government) as regards related party relationships with other State controlled enterprises and transactions with such enterprises. The related party transactions of DCI for the year 2008-09 are only with other State controlled enterprises. During the year under review, the Company has not entered into financial or other transactions of material nature with its Promoters, the Directors and senior management that may have potential conflict with the interests of the Company at large.
- 7.ii The Company has complied with the requirements of regulatory authorities on matters related to Capital Markets and no penalties/ strictures have been imposed against the Company by Stock Exchange or SEBI or any statutory authority during the last 3 years.
- 7.iii DCI is a Government of India undertaking and there are established Government guidelines and mechanism of reporting illegal or unethical behaviour. Employees are free to report violation of laws, rules, regulations or unethical conduct to their immediate supervisor/Chief Vigilance Officer/ Chairman and Managing Director. The Directors and senior management are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices. No employee has been denied access to the Audit Committee.
- 7.iv The mandatory requirements as specified in the Clause have been complied with. The company has also made efforts to comply with the Non-mandatory requirements to the extent possible.
- 7.v **Code of Conduct for Prevention of Insider Trading:-**DCI has its code of conduct for prevention of insider trading in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Code lays down guidelines which advises management and staff on procedures to be followed and disclosures to be made while dealing with shares of Company and cautions them of the consequences of violations.



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7.vi a) Code of Conduct for Board Members and Senior Management:- The Board in its meeting held on 06-12-2005 has adopted Code of Conduct for Board Members and Senior Management Personnel ('Code') as per the requirements of Clause-49 of the listing agreement. The Code lying down, in detail the standards of the conduct, ethical and transparent process in managing the affairs of the Company, centres around the following theme:-

" The Company's Board Members and Senior Management Personnel shall act in accordance with the highest standards of honesty, integrity, fairness and ethical Conduct while working for the Company as well as representing the Company without allowing their Independent judgement to be subordinated and fulfill the fiduciary obligations."

A copy of the Code has been posted on the Company's website www.dredge-india.com. The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Chairman and Managing Director is given below:-

" I hereby confirm that the Company has obtained from all members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the Financial year 2008-09.

-Sd-

(Capt.S.S.Tripathi)

Chairman and Managing Director"

- b)** During the year under review, the Company has not raised any money through public issue, right issue, preferential issue etc.
- c)** The Company does not have any subsidiary company.
- d)** Reference is invited to Note 8(f), 8(g) and 8(n) of the Notes on Accounts-Schedule XIV as under:
- 8(f) During the year, the Accounting policies No 4(a) Spares and stores and Accounting policy No. 6 Fixed Assets have been changed pursuant to the expert opinion given by the Institute of Chartered Accountants of India, New Delhi. Accordingly, spares of the nature of inventory issued to dredgers are charged to revenue as and when consumed (Accounting policy 4(a)). Items of Capital nature/ equipments are capitalized and depreciated over the remaining useful life of the asset. (Accounting Policy 6 (c)). Consequent to the change in the policy, profit for the year increased by Rs 3310 lakhs.
- 8(g) During the year the cumulative income for the works executed for Sethusamudram Project from 2-5-07 to 31-03-09 have been reviewed and accounted for on the basis of contract signed on 7-11-08 adjusting the income considered during earlier years on the basis of agreement dated 25-06-05.
- 8(n) Provision for bad and doubtful debts amounting to Rs 8179 lakhs was created in respect of works executed during the period 1-06-2000 to 31-03-2002 in the estuary of River Hoogly (Haldia Port). During the year these claims were accepted by the port and admitted for payment. In view of the certainty of its receipt the provision made in the earlier years is reversed and taken in other income.
- e)** All major contracts before being undertaken by the Company are subjected to risk assessment at different departmental levels in the Company as per different Government guidelines. The Company has constituted a Risk Management Committee consisting of senior officers of the Company to lay down a mechanism for risk assessment and minimisation procedures. The Committee's role is to list out the risks to which the properties, revenue, personnel and prestige of the Company are exposed, list out the coverage available and also the steps taken to mitigate the risk and also to review the adequacy of the existing procedures and policies to identify the risks and coverage.
- f)** The Management Discussion and Analysis Report forms part of this Annual Report .
- g)** No disclosures have been received to the Board from any senior management regarding any personal interest that may have conflict with the interest of the Company at large in any material financial and commercial transaction.
- h)** The CEO i.e., Chairman and Managing Director and CFO i.e Director (Finance) have provided the prescribed certification as contained in Clause 49 (V) regarding the financial statements for the year 2008-09.



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i) The Company has been submitting the quarterly compliance report on Corporate Governance to the Stock Exchanges within 15 days from the close of each quarter.

j) Compliance of Non-Mandatory Requirements

I) The Board

The Company has an Executive Chairman. DCI, being a Government Company, the appointment and tenure of the Directors are decided by the Government of India. However, the tenure of the independent Directors has not exceeded the prescribed period of nine years stipulated in the Clause. The Independent Directors are highly qualified and experienced to contribute effectively to the Company in their capacity as independent directors.

II) Remuneration Committee

DCI, being a Government company, the remuneration of the executive Directors, who are Government appointees is decided as per the Rules and regulations of the Government and DPE Guidelines. Hence, the Company has not constituted a Directors Remuneration Committee.

III) Shareholders Rights

The financial results are posted on the EDIFAR Website and the Company's website after declaration by the Board/ Shareholders. The results are also published in the newspapers within the time limits prescribed under the Listing Agreement.

IV) Audit Qualification

There are no qualifications made by the Statutory Auditors.

V) Training of Board Members

Besides the executive Directors who have wide experience, the Non-Executive Directors are professionals having vast experience in the fields of management, finance, ocean engineering, IT, administration etc. The Company Board is also represented by a senior IAS Officer. The executive Directors participate in the Seminars, conferences of professional bodies.

VI) Mechanism for evaluating non-executive Members

DCI, being a Government Company, where the Directors are appointed by the Government, the requirement of performance evaluation for non-executive directors as envisaged in the clause does not apply.

VII) Whistle Blower Policy

DCI being a Government Company, Whistle Blower Policy is followed as per Central Vigilance Commission Guidelines as approved by the Board.

8. Means of Communication:

i Quarterly Results

The schedule of consideration of quarterly results by the Board for the year 2009-2010 is as under:

- a) Results for the 1st quarter ending 30th June, 2009 : On 31.07.2009.
- b) Results for the 2nd quarter ending 30th Sept. 2009 : On or before 31.10.2009.
- c) Results for the 3rd quarter ending 31st Dec. 2009 : On or before 31.01.2010.
- d) Results for the Annual quarter ending 31st Mar., 2010 : On or before 30.06.2010.

ii The Quarterly Results are published in the English newspaper - "Business Line" - all editions and in the Hindi newspaper - "The Hindustan" - Delhi edition within 48 hours from the date of declaration.

iii The Quarterly Results are posted on the website of the Company - www.dredge-india.com after consideration and taking on record by the Board.

iv The website of the Company - www.dredge-india.com displays the official news releases, if any.

v The website of the Company - www.dredge-india.com displays the presentations made to institutional investors or to the analysts, if any.



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9 GENERAL SHAREHOLDERS INFORMATION :

- 9.i Annual General Meeting- Date, Time & Venue : 24th September, 2009 at 1000 hrs. in Siri Fort Auditorium No.I, Siri Fort Cultural Complex, August Kranti Marg, New Delhi - 110049
- ii Financial Year : 1st April to 31st March next year.
- iii Date of Book closure : 04/09/2009 to 24/09/2009 (both days inclusive)
- iv Date of payment of dividend : The final dividend after declaration by the shareholders in the 33rd AGM to be held on 24-09-2009 would be paid tentatively by third week of October, 2009.

v Listing on Stock Exchanges :

- i) National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
- ii) Delhi Stock Exchange Association Ltd.
DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002
- iii) Stock Exchange, Mumbai ,
1st Floor, New Trading Ring, Rotunda Building,
Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001
- iv) Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata - 700 001.

Annual Listing fee for the financial year 2009-2010 has been paid to all the Stock Exchanges

vi Stock Codes :

- National Stock Exchange : DREDGECORP
Delhi Stock Exchange : 6398
Mumbai Stock Exchange : 523618
Kolkata Stock Exchange : 14050
For trading in demat form: ISIN No. : INE 506A01018

vii Market price data of the Company in comparison to BSE Sensex and NSE (S&P CNX NIFTY) during 2008-2009

Month	BSE Share Price		BSE SENSEX		NSE Share Price		NSE (S&P CNX NIFTY)	
	High	Low	High	Low	High	Low	High	Low
April'08	535.00	461.00	17,480.74	15,297.96	569.00	473.00	5230.75	4628.75
May'08	558.00	500.15	17,735.70	16,196.02	556.50	500.00	5298.85	4801.90
June'08	525.00	492.00	16,632.72	13,405.54	524.70	466.95	4908.80	4021.70
July'08	564.00	480.00	15,130.09	12,514.02	561.00	485.00	4539.45	3790.20
August'08	580.00	520.00	15,579.78	14,002.43	578.00	511.15	4649.85	4201.85
September'08	728.00	542.00	15,107.01	12,153.55	724.40	552.00	4558.00	3715.05
October'08	917.00	585.00	13,203.86	7,697.39	907.00	582.55	4000.50	2252.75
November'08	1,356.10	830.00	10,945.41	8,316.39	1355.60	840.10	3240.55	2502.90
December'08	1,201.85	977.00	10,188.54	8,467.43	1200.20	980.00	3110.45	2570.70
January'09	1,253.70	623.80	10,469.72	8,631.60	1299.00	617.70	3147.20	2661.65
February'09	825.00	640.00	9,724.87	8,619.22	867.25	640.05	2969.75	2677.55
March'09	737.00	570.00	10,127.09	8,047.17	738.00	573.00	3123.25	2539.45

Source: Websites of the Stock Exchange, Mumbai and National Stock Exchange

viii Registrar and share transfer agents:-

M/s Karvy Computershare Private Ltd., Hyderabad are the R & T Agents of the Company.

ix Share Transfer System

The documentation part for processing of Share Transfers is done by the Registrars. The Registrars send a Memorandum of Share Transfers periodically to the Company for approval of the Share Transfer Committee of the Company. After approval of the Committee, the same is communicated to the Registrars and they endorse the Share Certificates in favour of the transferees and send them to the transferees. Share Transfers are registered and Share Certificates are despatched within a period of 30 days from the date of the receipt, if documentation is correct and valid in all respects.



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x Distribution of shareholding as on 31/03/2009

Category	No. of shares held	Percentage of shareholding
A. Promoter Group		
1 Indian (President of India and his nominees)	21997700	78.56
2 Foreign	-	-
Total shareholding A = A(1) + A(2)	21997700	78.56
B Public Shareholding		
1 Institutional		
a. Mutual funds and UTI	1247273	4.45
b. Financial Institutions/Banks	16305	0.06
c. Central / State Govt. (s)	-	-
d. Venture Capital Funds	-	-
e. Insurance Companies	1497691	5.35
f. Foreign Institutional Investors	964702	3.45
g. Foreign Venture Capital Investors	-	-
h. Any other	-	-
Sub - total B(1)	3725971	13.31
2 Non-Institutions		
a Bodies Corporate	515582	1.84
b Individuals		
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	1653693	5.91
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	56596	0.20
c Any Other (Specify)		
(i) Non-resident Indians	39371	0.14
(ii) Trusts	3462	0.01
(iii) Clearing Members	7625	0.03
Sub - total- B (2)	2276329	8.13
Total Public Shareholding B = B(1) + B (2)	6002300	21.44
GRAND TOTAL A+ B	28,000,000	100.00

xi Dematerialisation/ Rematerialisation of Shares and liquidity :-

The shares of the Company are traded compulsorily in dematerialised form. Out of 2,80,00,000 fully paid up shares of Rs.10/- each 2,19,97,700 shares (78.56%) are held by the President of India and nominees and the remaining 60,02,300 shares (21.44%) are held by others. As on 31.03.2009 of the 60,02,300 shares held by others, 59,97,662 are held in dematerialised form. In the year 2008-09, 471 shares have been dematerialized covering 3 demat requests. During the year, 159 shares were rematerialised and share certificates issued covering 10 requests for Rematerialisation of Shares.

xii Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity :-

The Company has not issued and hence has no Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

xiii Project Locations :-

The project offices of the Company at present are situated at Haldia, Kolkata, Paradeep, Visakhapatnam, Chennai, Nagapattinam, Rameswaram, Cochin, Mangalore, Mumbai. The Registered Office of the Company is at New Delhi and the Head Office is at Visakhapatnam.



DREDGING CORPORATION OF INDIA LIMITED

xiv Address for investors correspondence :

Company

Company Secretary
Dredging Corporation of India Limited.
Company Secretary Department
"Dredge House", Port Area,
Visakhapatnam - 530035.
Phone: 0891- 2529846/ 2871 207/298
Fax: 0891 - 2529846/ 2560581/ 2565920
e-mail : sreekanth@dredgeindia.co.in

Registrar & Transfer Agent :-

UNIT : Dredging Corporation of India Ltd.
Karvy Computershare Private Limited
Plot No. 17 to 24, Vithal Rao Nagar, Madhapur
Hyderabad- 500 081
Phone : (040) 23420818
Fax : (040) 23420814
e-mail : mailmanager@karvy.com
(Please mention Unit name as Dredging Corporation
of India Ltd. in all correspondence with R&T Agent.)

10 OTHER INFORMATION :

a. Board Meetings, its Committee Meetings and procedure:

The minimum number of Meetings of the Board/ Committee(s) of the Board as required under the Companies Act/ Listing Agreement are held every year. In case of business exigencies or urgency of matters, resolutions are passed by circulation which are placed in the next meeting of the Board. The information placed before the Board includes:-

- i. Annual operating plans and budgets and any updates.
- ii. Capital budgets and any updates.
- iii. Quarterly results for the Company and its operating divisions/ business segments.
- iv. Minutes of the meetings of Audit Committee and other Committee of the Board.
- v. The information on recruitment and remuneration of senior officers just below Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
- vi. Show Cause, demand, prosecution notices and penalty notices which are materially important.
- vii. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- viii. Any material default in financial obligations to and by the Company, or substantial non-payment for services rendered by the Company.
- ix. Any issue, which involves possible public liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- x. Details of any joint venture or collaboration agreement.
- xi. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any.
- xii. Significant labour problems and their proposed solutions. Any significant development in human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- xiii. Sale of material nature, if any, of investments, subsidiaries, assets, which is not in normal course of business.
- xiv. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- xv. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- xvi. Terms of reference of the Board Committees

b. Agenda for Board / its Committee meetings:

All departments of the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion/ approval/ decision or for information at the Board/ Committee meetings. The Members of the Board have complete access to all information on the organization. The Chairman and Managing Director in consultation with the other functional Directors and senior management personnel finalises the



DREDGING CORPORATION OF INDIA LIMITED

agenda papers for the Board Meetings which are then communicated to the Company Secretary in advance for circulation to the Board/ Committee Members. The Board Agenda comprising of the Board notes, management reports and other explanatory notes are circulated to the Directors in advance. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance.

c. Post meeting Follow-up Mechanism:

Follow-up Report on the decisions/ minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/ Committee.

d. Recording of Minutes of proceedings at Board and Committee Meetings:

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. The Minutes after approval of the Chairman are circulated to all the members of the Board and Committee meetings. The Minutes are confirmed in the next meeting of the Board/ Committee. The minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of that meeting.

e. Secretarial Audit :

As per the requirements of the Listing Agreement with the Stock Exchanges, a Secretarial Audit is undertaken on quarterly basis for all the quarters in the year 2008-09 for the purpose of reconciliation of total admitted capital with both the depositories and the total issued and listed capital of the Company. The Secretarial Audit Report obtained from M/s P.N.Rao & Co., Company Secretaries, Visakhapatnam was submitted to the Delhi, Mumbai, Calcutta Stock Exchanges and to National Stock Exchange for all the quarters and was also placed before the Board for information.

f. As per Clause 51 of the Listing Agreement, financial results and shareholding pattern are filed on Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC). The Company Secretary as the Compliance Officer is responsible for filing the above information in the EDIFAR system.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
DREDGING CORPORATION OF INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Dredging Corporation of India Limited, for the year ended 31.03.2009, as stipulated in Clause 49 of the listing agreement of the said company with Stock exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that as per the records maintained by the Company, no investor grievance is remaining pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**As per our Report of even date
For Rao & Narayan
Chartered Accountants**

-sd-

Place : Visakhapatnam
Date : 21/08/2009

**(P.V. SUBBARAO)
Partner**



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN DREDGING - OUTLOOK & POLICY GUIDELINES

1. India has an extensive coastline of approximately 7500 kilometers. There are 12 major ports under the administrative control of the Ministry of Shipping, approximately 180 non-major ports under the administrative control of the Government of India (GOI), State Governments and private ports. As per the 11th Plan Working Report, Shipping plays an important role in the transport sector of India's economy. Approximately, 95% of the Country's Exim merchandise trade by volume (70% in terms of value) is moved by sea. India has one of the largest merchant shipping fleet among the developing countries and is ranked 20th in the world. Dredging both capital and maintenance plays an important role in taking up the challenges of increased vessels sizes and handling operations of the Ports. With the developments that have taken place in the Port Sector during the recent past, the requirement of dredging has also increased manifold. The expenditure on dredging is about 20% of the operating expenditure of Major Ports for the year 2005-06. The total achievements of capital dredging in Major Ports during the 10th plan period is expected to be 15.20 million Cu.M against the projection of 138.08 million Cu.M. resulting in a shortfall of about 89% which is mainly because of non-implementation of projects. During the 11th Plan period, the total Capital dredging requirement of Major Ports and Sethusamudram Ship channel Project is estimated to be 298.28 million Cu.M. The requirement for maintenance dredging is projected to be 380.06 million Cu.M. The total dredging requirement during the 11th Plan period as estimated by state Ports and Fishing Harbours is 401.07 million Cu.M which include 33.89 Cu.M of maintenance dredging.
2. While formulating the National Maritime Development Programme (NMDP) around 25 major projects with a cost of Rs.6304 crore have been identified by Major Ports, broadly for deepening of channels and enhancing the available draft at berths during the 11th Plan period.
3. The total capacity of Port dredgers during the 11th Plan would be 29.73 M.Cu.M against the requirement for maintenance dredging of 380.06 M.Cu.M. This is to be met by DCI as well as other agencies. DCI dredging capacity by end of 10th plan period was 79.85 M.Cu.M. To meet the increased dredging requirement, it is proposed to form a new dredging organisation as an SPV between Shipping Corporation of India and Mumbai Port Trust.
4. Department of Shipping has issued the revised policy guidelines w.e.f 01/04/2007 for a period of 3 years which are as under:-
 - (i) All major ports shall invite open competitive bids for dredging works and Indian companies owning Indian flag dredgers, including Dredging Corporation of India (DCI) shall have the right of first refusal if the rate is within 10% of the lowest valid offer. This would apply to both maintenance and capital dredging works with sole exception of the maintenance dredging requirement of Kolkata Port for which separate instructions shall apply.
 - (ii) If more than one company owning Indian flag dredger participates in the tender, the right of first refusal will go to that Indian company which has quoted the lowest rate and is within 10% of the lowest valid offer.
 - (iii) All major ports may strictly adhere to the guidelines issued by the Central Vigilance Commission from time to time for processing the tenders in a transparent manner. Ports may ensure that a prequalification criteria is fixed in advance and should not be very stringent to restrict entry of certain potential Indian bidders. The prequalification conditions should be exhaustive, yet specific. The prescribed conditions should be clearly specified in the bid documents to ensure fair competition and transparency. Detailed instructions in this regard will be issued separately.
 - (iv) The Government of India through Department of Shipping reserves the right to assign, in public interest, any contract for dredging work in any of the major ports to DCI on nomination.
 - (v) Guidelines issued by DG (Shipping), Mumbai from time to time in terms of the relevant provisions of Merchant Shipping Act shall be applicable.
5. The recession in the world market has not effected the Indian dredging scenario in terms of the volumes but has led to the entry of global players either directly or through their Indian arms competing to get the contracts at competitive rates which was not the feature earlier when the rates were high. Consequently, DCI is also constrained to keep the profit margins low. This has put the financials of the Company under severe strain because of increasing cost due to frequent repairs and lay-up of the ageing dredgers.



DREDGING CORPORATION OF INDIA LIMITED

CORPORATE PERFORMANCE

6. Operations

DCI is the largest dredging company in India. The capacity utilization is the ratio of the amount actually dredged by DCI in a year and its derived annual dredging capacity. Annual dredging capacity is derived from a number of parameters, including installed hopper volume, estimated number of days of dredging, location, soil characteristics, number of loads and dumping distance. The capacity utilisation during the year is 91% of available capacity.

7. Financial Performance

	2008-09	(Rs Lakhs) 2007-08
Income from Operations	68522	70532
Other income	14700	6615
Total turnover	83222	77147
Profit before interest, depreciation and tax	11285	19380
Interest	(-) 172	130
Depreciation	5268	4173
Profit Before Tax	6189	15077
Provision for Current Tax	1450	1600
Provision for F.B.T	91	94
Provision for Wealth Tax	11	6
Excess provision of Corporate tax written back	0	(-)2105
Profit after Tax	4637	15482
<u>Proposed/Declared Dividend</u> %	50	150
including Interim Dividend %	0	75
Rs. Lakhs	1400	4200
Earnings Per Share (Rs.)	16.56	55.29
Book Value per share (Rs.)	453.13	442.42

It may be seen that although there has been a steep fall in the Earnings Per share which is due to fall in profits, there has been a marginal increase in the book value per share which is due to the increase in the accumulated reserves.

8. OPPORTUNITIES AND THREATS

The Company perceives the following opportunities -

- targeted GDP growth rate of average 9% per annum during 11th Plan which is expected to result, among others, in increase in Port Traffic and Port Capacity during 11th Plan.
- Upcoming capital dredging projects at various Ports/Sethusamudram in India.
- Upcoming private ports.
- Increased maintenance dredging requirements consequent to new capital dredging works.
- Growing International Trade volumes – opportunities abroad.

The Company perceives the following threats

- Increasing foreign competition.
- Increasing competition from Indian dredging companies.
- Frequent and expensive repairs to dredgers due to ageing.
- Inadequate dredging capacity.
- Non-availability of experienced and trained technical persons/ floating personnel which is mainly because of the not so attractive pay packages in the public sector.

9. INDIAN DREDGING MARKET OUTLOOK

During the 11th Plan, while the consistent maintenance dredging requirements at the major ports are expected to continue, increasing private sector participation in port development and related capital dredging activity is expected. At the same time, the dynamics in the Indian market are rapidly changing. The key changes taking place include changes in customer profile for dredging companies from Government to private sector developers, changes in payment patterns for dredging work from a daily rate basis to quantitative or performance-based methods, the expansion of Indian port capacity and increasing participation of international companies in the Indian dredging market. Other developments include:

- Deeper draught requirements of Indian Ports.
- Tourism development and increasing need for beach nourishment.
- Land reclamation for low lying areas.
- Sethusamudram Ship Channel Project.

DCI's customers include Major Ports under the administrative control of the Ministry of Shipping, non-Major Ports under the administrative control of the GoI and State Governments, private ports, the Indian Navy and shipyards. The Indian dredging market is primarily maintenance dredging-oriented.



DREDGING CORPORATION OF INDIA LIMITED

10. RISKS AND CONCERNS

- While the procurement action for acquisition of new dredgers have projected a high cost of construction of new dredgers, the emerging competitive market scenario indicates lower rate of returns on the capital expenditure, thus hindering the additions to the capacity and filling the gap between the present capacity with the Company and the growing demand within the Country.
- the cubic meter rate in respect of Sethusamudram project (Palk Strait area) is required to be revised. Ministry was requested to revise the rate suitably.
- The inadequate dredging capacity with Company has resulted in chartering-in of dredgers from private parties. For the same reason, the Company has also started the process sub-contracting the works in order to meet the contractual obligations. This is having an adverse effect on the bottom lines of the Company.
- The delay in delivery of 2000 Cu.M solids per hour capacity Cutter Suction Dredger under construction at Mazagaon Dock Limited, Mumbai by more than one and half year has resulted in notional revenue loss for that period and also restrained the Company from quoting prospective contracts during the period.

12. INITIATIVES TAKEN/FUTURE PLANS OF THE COMPANY

Keeping the various developments in the dredging industry in view, your Company has initiated action in several areas, including:

- Consolidation of share in maintenance dredging in India
- More participation in capital dredging – acquiring necessary skills, training company personnel, acquiring/chartering dredgers.
- Acquisition of dredgers with fuel efficient design and advanced technology, fitted with sophisticated and state-of-the-art technology, i.e.
One Backhoe hoe dredger which is expected to be delivered in July, 2010
Three 5,000 cu m capacity trailer suction hopper dredger for which the process is in advanced stages.
- Reducing operational costs - Focusing on fuel efficiency in ship operations, streamlining spare parts procurement systems
- Close monitoring of repairs

13. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has reasonable system of delegation at proper levels and an adequate system of internal control commensurate with its size and nature of its business. The Company has an adequate and independent internal audit department for conducting extensive audit of various important operational and financial matters. The internal audit work at Head Office and some of the projects has been outsourced to Chartered Accountant firms. The internal controls are reviewed by the Internal Audit Department. The Vigilance Department deals with vigilance and disciplinary cases with emphasis on preventive vigilance. C&AG conducts proprietary audit. At present, the Audit Committee of Directors consists of five non-executive directors. Significant audit observations and follow up action thereon are reported to the Audit Committee. The proceedings of the Audit Committee are submitted to the Board.

14. INDUSTRIAL RELATIONS

The industrial relations in the Corporation continued to be cordial throughout the period under report.

15. CAUTIONARY STATEMENT

Statements in this “Management Discussion and Analysis” describing the objectives, expectations, assumptions or predictions of the Company may be forward-looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the operations of the Company include economic conditions affecting demand/supply, price conditions in the domestic and international markets, Government policies and regulations, statutes and other incidental factors.



DREDGING CORPORATION OF INDIA LIMITED

AUDITORS' REPORT

To
The Members

DREDGING CORPORATION OF INDIA LIMITED.

1. We have audited the attached Balance Sheet of DREDGING CORPORATION OF INDIA LIMITED, VISAKHAPATNAM as at 31st March, 2009 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining on test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. The Accounts of the Company for the year, as approved by Board of Directors in the 238th Board Meeting held on 29-06-2009 have been revised in view of the observations made by Comptroller and Auditor General of India, during the course of their audit under Section 619(4) of the Companies Act, 1956. The said revision resulted in increase in Profit Before and After Tax by Rs. 21.33 Lakhs and an increase in Fixed Assets by Rs. 166.57 Lakhs and decrease in net current assets by Rs. 145.24 lakhs. The effect of the revision in the accounts has been stated in the note 8 (o) of schedule XIV to the Accounts .
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) The provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to this company vide number 2/5/2001-CL-V : General Circular No.8/2002 dated 22-03-2002 issued by Ministry of Law, Justice and Company Affairs, Department of Company Affairs.
 - (vi) Reference is invited to:

Note 8(f) of Notes on Accounts; Consequent on the change in accounting policy on spares, the profit for the year increased by Rs. 33.10 Crores.

Note No. 8 (g) of Notes on Accounts regarding Sethusamudram Project income accounted for on cubic meter basis as per agreement signed on 7-11-2008 which resulted in reduction of Rs. 5451 lakhs in current year's income from this project in respect of cumulative income considered up to 31.03.2008.
 - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Notes on Accounts with particular reference to Schedule - XIV, 8 (f) and (g), give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Rao & Narayan
Chartered Accountants
-sd-
(P.V.SUBBA RAO)
Partner
Membership No. 09269

Place : Visakhapatnam
Date : 31st July, 2009



DREDGING CORPORATION OF INDIA LIMITED

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph (3) of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the fixed assets have been physically verified by the management during the year in a phased manner. As informed to us, no material discrepancies were noticed on such verification.
(c) The Company has not disposed off substantial part of the fixed assets during the year and the going concern status of the company is not affected.
- (ii) (a) Physical verification of inventory has been conducted by the management at reasonable intervals during the year.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) The Company has maintained proper records of inventory. As informed to us, no material discrepancies were noticed on physical verification as compared to the book records.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
In view of the above, clause 4 (iii) (b), (c) and (d) are not applicable.
(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
In view of the above, Clause 4 (iii) (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control.
- (v) (a) According to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of Companies Act, 1956 that need to be entered into the Register required to be maintained in pursuance of Section 301 of the Companies Act, 1956.
In view of the above, Clause 4 (v) (b) is not applicable.
- (vi) The Company has not accepted any deposits from the public during the year
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the nature of business carried on by the Company.
- (ix) (a) The Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforementioned dues were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
(b) According to information and explanations given to us, there were no statutory dues that have been deposited on account of dispute.
- (x) The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to financial institutions or banks. As there are no debentures, the question of repayment does not arise.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xiv) The Company has not been dealing or trading in shares, securities, debentures and other investments. Therefore, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, clause 4(xv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xvi) The Company has not obtained any term loans during the year and therefore, clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xvii) The Company has not raised any funds on short-term basis or long-term basis during the year and therefore, clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures during the year and therefore, the clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (xx) The Company has not raised money by public issue during the year and therefore, the clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

Place : Visakhapatnam
Date : 31st July, 2009

For Rao & Narayan
Chartered Accountants
-Sd-
(P.V. SUBBARAO)
Partner
Membership No. 09269



DREDGING CORPORATION OF INDIA LIMITED

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF DREDGING CORPORATION OF INDIA LIMITED, VISAKHAPATNAM, FOR THE YEAR ENDED 31st MARCH, 2009.

The preparation of financial statements of Dredging Corporation of India Limited, Visakhapatnam for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29th June, 2009.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Dredging Corporation of India Limited, Visakhapatnam for the year ended 31st March 2009. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the Management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No. 8 (o) of the Notes forming part of Accounts (Scd. No. XIV), I have no further comments to offer upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller and Auditor General of India**

--sd-

(ROY MATHRANI)

Principal Director of Commercial Audit
and Ex-officio Member, Audit Board,
Hyderabad

Place : HYDERABAD
Dated : 07.08.2009



DREDGING CORPORATION OF INDIA LIMITED

BALANCE SHEET AS AT 31st MARCH 2009

(Rs. in Lakh)

	Schedule No.	As at 31-3-2009	As at 31-3-2008
A. SOURCES OF FUNDS :			
1. SHARE HOLDERS' FUNDS			
Share Capital	I	2800.00	2800.00
Reserves and Surplus	II	<u>124077.56</u>	<u>121078.47</u>
2. LOAN FUNDS:	III		
Unsecured Loans		551.03	1653.11
TOTAL		<u>127428.59</u>	<u>125531.58</u>
B. APPLICATION OF FUNDS:			
1. FIXED ASSETS			
Gross Block	IV	95663.21	92356.79
LESS: Depreciation		64425.23	59157.71
LESS: Impairment loss		11.52	29.04
Net Block		<u>31226.46</u>	<u>33170.04</u>
Capital work in progress		<u>23849.86</u>	<u>23551.54</u>
2. INVESTMENTS:	V	3000.01	2450.01
3. CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories		8178.77	2956.00
Sundry Debtors		30895.01	29659.33
Cash and Bank Balances		33184.38	27340.94
Other Current Assets		16573.05	13452.25
Loans and Advances		<u>10045.25</u>	<u>15955.01</u>
		<u>98876.46</u>	<u>89363.53</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	VII		
Current Liabilities		27121.50	19822.65
Provisions		<u>2402.70</u>	<u>3180.89</u>
		<u>29524.20</u>	<u>23003.54</u>
Net Current Assets		<u>69352.26</u>	<u>66359.99</u>
TOTAL		<u>127428.59</u>	<u>125531.58</u>
Notes on Accounts	XIV		
Accounting Policies	XV		

Schedules referred to above form an integral part of the Accounts.

For and on behalf of Board of Directors

-sd-

(CAPT.S.S.TRIPATHI)
Chairman and Managing Director

-sd-

(P.V.RAMANAMURTHY)
Director (Finance)

-sd-

(K.ASWINISREEKANTH)
Company Secretary

As per our Report of even date
For Rao & Narayan
Chartered Accountants

-sd-

(P.V.SUBBARAO)
Partner

PLACE : VISAKHAPATNAM
DATED : 31.07.2009

PLACE : VISAKHAPATNAM
DATED : 31.07.2009



DREDGING CORPORATION OF INDIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

(Rs. in Lakh)

	Schedule No.	YEAR ENDED 31-3-2009		YEAR ENDED 31-3-2008	
A. INCOME FROM:					
Operating Earnings	VIII		68522.19		70531.72
Others	IX		14700.11		6614.79
			<u>83222.30</u>		<u>77146.51</u>
B. EXPENDITURE ON :					
Operations	X		67097.49		52271.71
Administration	XI		3120.45		4984.35
Interest			(171.81)		130.03
Depreciation			5268.12		4173.39
Provisions	XII		1706.04		509.75
			<u>77020.29</u>		<u>62069.23</u>
PROFIT BEFORE PRIOR PERIOD ADJUSTMENTS :			6202.01		15077.28
PRIOR PERIOD ADJUSTMENTS:					
ADD : Credits	XIII	0.00		0.00	
LESS : Debits	XIII	13.19	(13.19)	0.00	0.00
PROFIT BEFORE TAX			6188.82		15077.28
LESS : Provision for Income Tax					
Current		1450.00		1600.00	
F.B.T		91.10		94.30	
Provision for Wealth Tax		10.55	1551.65	6.35	1700.65
ADD/DEDUCT: Excess/Short Provision of Corporate tax relating to earlier years					
			0.00		2105.23
PROFIT AFTER TAX			4637.17		15481.86
DEDUCT : Transfer to Tonnage Tax Reserve U/s 115 VT of IT Act					
			1600.00		3500.00
ADD : Balance brought forward from previous year					
			28772.64		23254.72
DEDUCT : Interim Dividend paid					
		0.00		2100.13	
: Proposed Dividend					
		1400.00		2100.00	
: Dividend Tax on					
: Interim Dividend Paid					
		0.00		356.92	
: Proposed Dividend					
		238.08	1638.08	356.89	4913.94
DEDUCT : Transfer to General Reserve					
			500.00		1550.00
BALANCE OF PROFIT CARRIED OVER TO BALANCE SHEET			<u>29671.73</u>		<u>28772.64</u>
Earnings per share: Basic / Diluted (in Rs)			16.56		55.29
(Note 8 (d) to Schedule - XIV)					
Notes on Accounts XIV					
Accounting Policies XV					
Schedules referred to above form an integral part of the Accounts.					

For and on behalf of Board of Directors

-sd-

(CAPT.S.S.TRIPATHI)
Chairman and Managing Director

-sd-

(P.V.RAMANAMURTHY)
Director (Finance)

-sd-

(K.ASWINISREEKANTH)
Company Secretary

As per our Report of even date
For Rao & Narayan
Chartered Accountants

-sd-

(P.V.SUBBARAO)
Partner

PLACE : VISAKHAPATNAM
DATED : 31.07.2009

PLACE : VISAKHAPATNAM
DATED : 31.07.2009



DREDGING CORPORATION OF INDIA LIMITED

(Rs. in Lakh)

	As at 31-3-2009	As at 31-3-2008
SCHEDULE - I SHARE CAPITAL		
AUTHORISED:		
3,00,00,000 Equity Shares of Rs.10/- each	<u>3000.00</u>	<u>3000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP:		
For Cash - 1400 Equity Shares of Rs.10/- each fully paid	<u>0.14</u>	<u>0.14</u>
For consideration other than cash - 2,79,98,600 Equity Shares of Rs.10/- each allotted as fully paid	<u>2799.86</u>	<u>2799.86</u>
	<u>2800.00</u>	<u>2800.00</u>

	SCHEDULE - II RESERVES AND SURPLUS		
CAPITAL RESERVE:(*)			
As per last Balance Sheet	451.83		451.83
GENERAL RESERVE:			
As per last Balance Sheet	41254.00	39704.00	
Add: Transfer during the year	<u>500.00</u>	<u>1550.00</u>	41254.00
RESERVE U/S 33AC OF THE INCOME TAX ACT 1961			
As per last Balance Sheet	33300.00		33300.00
RESERVE U/S 33AC UTILISATION ACCOUNT			
As per last Balance Sheet	5600.00		5600.00
TONNAGE TAX RESERVE U/S 115 VT OF IT ACT			
As per last Balance Sheet	11700.00	8200.00	
Add: Transfer during the year	<u>1600.00</u>	<u>3500.00</u>	11700.00
PROFIT AND LOSS ACCOUNT			
	<u>29671.73</u>		<u>28772.64</u>
	<u>124077.56</u>		<u>121078.47</u>

(*) Represents Sale Proceeds / Claims realised in excess of original cost of Assets sold.

	SCHEDULE - III LOAN FUNDS	
UNSECURED LOANS:		
From Foreign Banks		
(Installments repayable within one year - Rs.551.03 Lakh, previous year - Rs. 1102.07 Lakh)	<u>551.03</u>	<u>1653.11</u>
	<u>551.03</u>	<u>1653.11</u>

SCHEDULE-IV FIXED ASSETS										
DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31-3-08	Additions in the year	Deductions/ Adjustments	As on 31-3-09	Upto 31-3-08	During the year	Deductions/ Adjustments	Upto 31-3-09	As on 31-3-09	As on 31-3-08
1 LAND - FREE HOLD	35.98	0.00	0.00	35.98	0.00	0.00	0.00	0.00	35.98	35.98
2 BUILDINGS	346.05	0.22	0.00	346.27	256.53	12.37	0.00	268.90	77.37	89.52
3 DREDGERS	83419.58	1384.98	0.00	84804.56	54839.80	4307.27	0.00	59147.07	25657.49	28579.78
4 ANCILLARY CRAFTS	1732.44	1690.00	0.00	3422.44	470.48	121.42	0.00	591.90	2830.54	1261.96
5 PIPELINE, BALL & SOCKETS, JOINTS ETC.	5588.48	164.45	0.00	5752.93	2729.05	767.39	0.00	3496.44	2256.49	2859.43
6 OTHER OPERATIONAL ASSETS	286.70	0.24	0.00	286.94	188.60	7.88	0.00	196.48	90.46	98.10
7 FURNITURE, FITTINGS, EQUIPMENTS ETC	378.88	58.16	1.12	435.92	172.43	25.30	0.61	197.12	238.80	206.45
8 COMPUTERS	509.82	9.49	0.00	519.31	480.92	25.01	17.51	488.42*	30.89	28.90
9 MOTOR VEHICLES	15.59	0.00	0.00	15.59	5.67	1.48	0.00	7.15	8.44	9.92
10 TEMP. STRUCTURES FIXTURES/ERECTIONS	43.27	0.00	0.00	43.27	43.27	0.00	0.00	43.27	0.00	0.00
TOTAL	92356.79	3307.54	1.12	95663.21	59186.75	5268.12	18.12	64436.75	31226.46	33170.04
CAPITAL WORK IN PROGRESS INCLUDING ADVANCES	23551.54	298.32		23849.86	0.00	0.00	0.00	0.00	23849.86	23551.54
TOTAL	115908.33	3605.86	1.12	119513.07	59186.75	5268.12	18.12	64436.75	55076.32	56721.58
PREVIOUS YEAR'S TOTAL	99222.90	16919.32	233.89	115908.33	55206.05	4173.39	192.69	59186.75	56721.58	44016.85

* includes Rs.11.52 lakh provided for impairment loss



DREDGING CORPORATION OF INDIA LIMITED

NOTES TO SCHEDULE IV:

- (a) Buildings include Rs.3.37 lakh (previous year Rs 8.20 lakh) being the cost of two residential flats at Mumbai which are yet to be registered in the name of the Company.
- (b) As per the Accounting Standard 28 pronounced by the Institute of Chartered Accountants of India, The Impairment loss has been recognised in respect of Computers. The recoverable amount has been determined to the extent of the carrying amount of the asset exceeded its estimated recoverable amount.

		(Rs. in Lakh)	
		As at 31-3-2009	As at 31-3-2008
SCHEDULE - V		INVESTMENTS	
At Cost - Non- Trade (Unquoted)			
a) 5 Shares of Rs. 50/- each fully paid - up in Mittal Chambers Premises Co-operative Society Ltd., Bombay	0.01		0.01
b) Sethusamudram Corporation Limited			
i) 300 lakh (Previous year - 145 lakh) Equity shares of Rs.10 each fully paid	3000.00		1450.00
ii) Equity contribution pending allotment	0.00		1000.00
	<u>3000.01</u>		<u>2450.01</u>
SCHEDULE - VI		CURRENT ASSETS, LOANS AND ADVANCES	
A. CURRENT ASSETS:			
INVENTORIES:			
Stock of spares and stores(Note 1) (Valued at cost and as certified by the Management)	8479.12		3192.07
LESS: Provision for unserviceable Spares & Stores	<u>300.35</u>	8178.77	<u>236.07</u> 2956.00
SUNDRY DEBTORS (Unsecured) :			
a) Debts outstanding for a period exceeding 6 months	20732.40		23690.56
b) Other Debts	<u>14931.45</u>		<u>18547.63</u>
LESS: Considered doubtful and provided for	<u>35663.85</u>		<u>42238.19</u>
Debts considered good	<u>4768.84</u>	30895.01	<u>12578.86</u> 29659.33
CASH AND BANK BALANCES :			
a) Cash on Hand (Note 2)	273.50		203.86
b) Cheques on Hand	0.90		49.12
c) With Scheduled Banks:			
i) Current Account	1305.98		1087.96
ii) Fixed Deposit Account	<u>31604.00</u>	33184.38	<u>26000.00</u> 27340.94
OTHER CURRENT ASSETS:			
a) Interest accrued on Deposits and Advances	2189.90		1961.65
b) Unbilled Operational Income	<u>14383.15</u>	16573.05	<u>11490.60</u> 13452.25
B. LOANS AND ADVANCES			
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED:			
a) Secured-considered good	163.72		215.52
b) Unsecured (Note 3)	<u>1746.12</u>	1909.84	<u>1357.74</u> 1573.26
c) Income Tax Paid & Tax deducted at source	<u>6618.36</u>		4370.62
LESS: Provision for Income Tax	<u>3462.19</u>	3156.17	<u>3956.35</u> 414.27
DEPOSITS:			
a) Customs, Post & Telegraphs		6.11	6.08
b) Others		<u>529.85</u>	633.69
PREPAID EXPENSES:			
CLAIMS & OTHER RECOVERABLES:	4305.46		13215.06
LESS: Provision for Doubtful Claims	<u>11.83</u>	<u>4293.63</u>	<u>11.83</u> 13203.23
		<u>10045.25</u>	15955.01
GRAND TOTAL		<u>98876.46</u>	<u>89363.53</u>

- Note :** 1. Inventories include Spares and Stores in Transit Inward Rs.826.41 lakh (previous year Rs. 532.21 lakh)
2. Cash on hand includes Franking Machine balance Rs.0.01 lakh (previous year Rs.0.00 lakh)
3. Advances recoverable in cash or kind include

		(Rs. in lakh)			
		As at 31/3/09	Max Amt. during the year	As at 31/3/08	Max Amt. during the year
a)	Tour advances to				
	Chairman and Managing Director	0.00	0.00	0.00	0.95
	Director(Finance)	0.00	0.15	0.00	0.81
	Director(Operations & Technical)	0.00	0.15	0.00	0.37
b)	Advance on Capital Works Rs.308.59 lakhs (Previous year Rs.9.07 lakh)				



DREDGING CORPORATION OF INDIA LIMITED

(Rs. in Lakh)

	As at 31-3-2009	As at 31-3-2008
SCHEDULE - VII CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES :		
i) Sundry Creditors Note (1)	7098.47	4562.00
ii) Deposits from contractors	596.02	511.49
iii) Advances from customers	408.22	4.59
iv) Other Liabilities	19004.37	14716.20
v) Interest accrued but not due on loans	3.35	10.75
vi) Un-claimed Dividend	11.07	17.62
	<u>27121.50</u>	<u>19822.65</u>
B) PROVISIONS		
i) For Proposed Dividend	1400.00	2100.00
ii) For dividend Tax	237.93	356.90
iii) For fringe benefit tax	0.00	15.50
iv) For employee benefits	724.66	668.38
v) For contractual obligations	40.11	40.11
	<u>2402.70</u>	<u>3180.89</u>
	<u>29524.20</u>	<u>23003.54</u>

Note : (1) Sundry Creditors include:

	Rs. in lakh
a) Amounts due to the following Small Scale Industrial undertakings to whom a sum exceeding Rs.1 lakh is outstanding for more than 30 days as per agreed terms	Nil
b) Amounts due to Small Scale Industries other than (a) above	Nil

	Year ended 31-3-2009	Year ended 31-3-2008
SCHEDULE - VIII OPERATING EARNINGS		
Dredging Services	68527.68	70536.91
	<u>68527.68</u>	<u>70536.91</u>
Less : Rebates / Discounts	5.49	5.19
	<u>68522.19</u>	<u>70531.72</u>

	Year ended 31-3-2009	Year ended 31-3-2008
SCHEDULE - IX OTHER INCOME		
Interest earned		
i) On Fixed Deposits (Tax Deducted at Source Rs.657.31 Lakhs; Previous year Rs. 852.78 Lakhs)	3098.90	3530.82
ii) On House Building and other Advances	35.87	28.42
iii) On tax refunds	1020.69	1101.04
Sundry Receipts		
-Core Dredging Activities	10544.65	1954.51
- Incidental activities	0.00	0.00
	<u>10544.65</u>	<u>1954.51</u>
	<u>14700.11</u>	<u>6614.79</u>

	Year ended 31-3-2009	Year ended 31-3-2008
SCHEDULE - X OPERATIONAL EXPENSES		
Pay and Benefits to Operational staff	5134.60	4391.56
Contribution to Provident and Other funds	108.37	93.48
Spares and stores	3508.57	5499.22
Repairs and Maintenance	9448.17	6157.66
Fuel and Lubricants	20275.25	20235.00
Insurance	395.44	588.10
Other Operational Expenses (Note 2 to Schedule XIV)	28227.09	15306.69
	<u>67097.49</u>	<u>52271.71</u>

	Year ended 31-3-2009	Year ended 31-3-2008
SCHEDULE - XI ADMINISTRATIVE EXPENSES		
1. Pay and Benefits to Employees	2891.27	3214.46
2. Contribution to Provident and other funds	123.53	115.07
3. Remuneration to Directors (Note 3 of Schedule XIV)		
a) Chairman and Managing Director	10.46	4.29
b) Director (Finance)	10.48	7.53
c) Director (Operations & Technical)	5.43	7.89
	<u>26.37</u>	<u>19.71</u>
4. Rent	38.70	26.87
5. Rates and Taxes	13.17	9.41
6. Other Establishment Expenses (Note 4 of Schedule XIV)	27.41	1598.83
	<u>3120.45</u>	<u>4984.35</u>



DREDGING CORPORATION OF INDIA LIMITED

(Rs. in Lakh)

	Year Ended 31-3-2009	Year Ended 31-3-2008
SCHEDULE - XII	PROVISIONS	
1. For doubtful debts	1151.56	509.75
2. For unserviceable spares and stores	64.28	0.00
3. For impairment loss	0.00	0.00
4. For losses written off	490.20	0.00
	<u>1706.04</u>	<u>509.75</u>

	Debit	Credit	Debit	Credit
SCHEDULE - XIII	PRIOR PERIOD ADJUSTMENTS			
EXPENDITURE:				
OPERATIONAL EXPENSES:				
1. Repairs and maintenance	0.00	0.00	0.00	0.00
2. Fuel & Lubricants	13.19	0.00	0.00	0.00
3. Other Operational Expenses	0.00	0.00	0.00	0.00
ADMINISTRATION EXPENSES:				
4. Payments & benefits to employees(SO& S)	0.00	0.00	0.00	0.00
5. Other establishment expenses	0.00	0.00	0.00	0.00
	<u>13.19</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
INCOME:				
1. Operational Income	0.00	0.00	0.00	0.00
2. Other income	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Debit	13.19	0.00	0.00	0.00
Net Credit	0.00	0.00	0.00	0.00

SCHEDULE - XIV	NOTES ON ACCOUNTS			
1. CONTINGENT LIABILITIES :				
a. Letters of Credit		1283.57		601.27
b. Claims made against the Company not acknowledged as debts		294.31		391.96
c. Estimated amount of contracts remaining to be executed on capital account and not provided for		18196.46		9246.04
d. Sales Tax Demands received but disputed by the Company		0.00		0.00
e. Income Tax Demands received but disputed by the Company		0.00		0.00
2. BREAK-UP OF "OTHER OPERATIONAL EXPENSES" (REF. SCHEDULE-X)				
1. Lodging expenses: Floating staff		174.74		142.91
2. Travelling, portorage & conveyance - Floating staff		98.79		45.36
3. Equipment transportation expenses		314.89		1116.88
4. Direct works expenses:				
a) Boat/Tug hire charges	242.40		532.71	
b) Crane hire charges	3.07		6.81	
c) Pipeline laying/maintenance expenses	61.21		94.05	
d) Payments to contractors	187.82		102.54	
e) Others *	26845.62	27340.12	12983.99	13720.10
5. Miscellaneous expenses		<u>298.55</u>		<u>281.44</u>
		<u>28227.09</u>		<u>15306.69</u>

**Others* include Rs.NIL (previous year Rs.4.54 lakhs)towards arbitration awards.

	Chairman and Managing Director		Director (Finance)		Director (Ops.& Tech.)	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31-3-2009	31-3-2008*	31-3-2009	31-3-2008	31-3-2009*	31-3-2008
1. Salary	9.43	3.86	9.64	6.80	5.11	7.30
2. Provident Fund contribution	0.80	0.36	0.74	0.64	0.32	0.59
3. Medical Expenses	0.23	0.07	0.10	0.09	0.00	0.00
	<u>10.46</u>	<u>4.29</u>	<u>10.48</u>	<u>7.53</u>	<u>5.43</u>	<u>7.89</u>

* part of the year



DREDGING CORPORATION OF INDIA LIMITED

SCHEDULE-XIV Contd.

(Rs. in Lakh)

	Year Ended 31-3-2009	Year Ended 31-3-2008
4. BREAK-UP OF "OTHER ESTABLISHMENT EXPENSES" (REF. SCHEDULE-XI)		
1. Donations	1.60	1.13
2. Travelling expenses	453.73	473.66
3. Bank charges & guarantee fee	(1224.71)	28.42
4. Printing & stationery	31.36	29.19
5. Postage, telegrams, phones & telex	41.50	46.17
6. Insurance	9.96	9.67
7. Repairs and maintenance of building, vehicles and others	89.69	112.59
8. Expenditure on data processing	9.44	19.21
9. Advertisement & Publicity	19.13	18.39
10. Dailies & periodicals and cost of library	9.63	14.96
11. Remuneration to Auditors:		
a) As Auditors	2.50	2.50
b) For other services	2.14	2.10
12. Tax Audit fees	0.40	0.30
13. Legal Adviser fee & expenses	9.58	8.32
14. Electricity, water charges	41.17	36.82
15. Expenses on seminars	16.06	6.23
16. Others	514.23	789.17
	<u>27.41</u>	<u>1598.83</u>

5. EARNINGS IN FOREIGN EXCHANGE

	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

6. VALUE OF IMPORTS

a) Components and spare parts (CIF Value)	7150.83	6776.27
b) Value of imported spares and components consumed	2473.00	4828.79
c) Value of indigenous spares and components consumed	411.18	313.26
d) Percentage of imported spares & components consumed to total spares & components consumed	85.74	93.91
e) Percentage of indigenous spares & components consumed to total spares & components consumed	14.26	6.09

7. EXPENDITURE IN FOREIGN CURRENCY

a) Interest paid on loans from Foreign Banks	69.99	131.52
b) Travelling	5.37	16.90
c) Chartering charges	8651.95	4160.15

8. GENERAL

- a) Letters seeking confirmation of balances have been sent to Customers and replies from some of the Customers are awaited.
- b) The CEGAT issued orders during the year 2001-02 setting aside the earlier orders of the Customs Department levying duty of Rs.1132.81 lakhs on the accessories and spares of Dr-Aquarius. The Department while accepting CEGAT order sanctioned the refund of Rs 1132.81 Lakhs under 27 (2) of Customs Act 1962, but ordered to credit the same to Consumer Welfare Fund. Aggrieved by this order DCI filed an appeal before CESTAT, Calcutta for issuance of necessary directions to the Department for refunding the Customs Duty. Necessary adjustments to capital cost of the dredger will be made on receipt of the refund.
- c) Escalation Claims for Labour and Material have been preferred on the basis of latest available indices.
- d) **Earnings Per Share:**
- | | As on 31.03.2009 | As on 31.03.2008 |
|---|------------------|------------------|
| i) Profit after Tax (Rs. Lakh) | 4637.17 | 15481.86 |
| ii) Weighted average number of Equity Shares (Nos.) | | |
| Face Value Rs 10/-per share | 2,80,00,000 | 2,80,00,000 |
| iii) Basic Earnings Per Share (in Rs.) | 16.56 | 55.29 |
- e) In view of adoption of Tonnage Tax Scheme under Income Tax Act 1961, no provision is required for deferred tax liability/asset for the year.
- f) During the year, the Accounting policies No 4(a) Spares and stores and Accounting policy No. 6 Fixed Assets have been changed pursuant to the expert opinion given by the Institute of Chartered Accountants of India, New Delhi, implemented w.e.f. 01-04-2008 prospectively. Accordingly, spares of the nature of inventory issued to dredgers are charged to revenue as and when consumed (Accounting policy 4(a). Items of Capital nature/ equipments are capitalized and depreciated over the remaining useful life of the asset. (Accounting Policy 6 (c). Consequent to the change in the policy, profit for the year increased by Rs 3310 lakhs.
- g) During the year the cumulative income for the works executed for Sethusamudram Project from 2-05-2007 to 31-03-2009 have been reviewed and accounted for on the basis of contract signed on 7-11-2008 adjusting the income considered during earlier years on the basis of agreement dated 25-06-2005. This has resulted in reduction of Rs.5451 lakhs in the current year's income from this project, in respect of cumulative income considered upto 31-3-2008.
- h) Income in respect of works executed in the estuary of River Hoogly (Haldia Port) up to 31-12-2008 is recognized on the basis of existing rates. With effect from 1-01-2009 income is recognized on the basis of contract signed on 6-5-2009.
- i) Consequent to the capsizing of DCI TUG-VI off the Nagapattinam Coast on 06-05-2006, SMP Club, Luxembourg, undertook wreck removal operations through Sea lord Diving and Salvage Pvt. Ltd, Mumbai including the sale of the salvaged wreck.



DREDGING CORPORATION OF INDIA LIMITED

SCHEDULE-XIV Contd.

SMP Club have claimed US \$ 291,800 which in turn was forwarded to United India Insurance Company Limited as the same is recoverable under the war policy. The total loss claim amounting to Rs 250 Lakhs in this regard is not recognized in the income owing to prevailing uncertainty in its realization.

- j) The arbitration in respect of Link Road Project, Kochi, has been adjudicated in favour of the Company awarding principal amount of Rs 289 Lakhs plus interest amounting to Rs 855 Lakhs upto 31-03-2009. However, Cochin Port Trust have not paid any amount. In view of the uncertainty in realization of the amount, income thereto has not been considered in the accounts.
- k) Income Tax appeals are pending for the Assessment years 2003-04, 2004-05 before the Income Tax Authorities. The disputed tax paid under protest is Rs 1088 lakhs as per the orders of Assessing Authority.
- l) Disclosure requirements under AS 15 on Employee benefits are given hereunder.

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year, is under:

	2008-09	2007-08
Employer's Contribution to Provident Fund (inclusive of Contribution to Pension Fund)	232	209

The Company offers to its employees defined benefit plans in the form of Gratuity, Leave Encashment and Post-retirement Medical Benefits as given under.

Gratuity: This benefit accrues to employee on retirement/ resignation and is based on the number of years of service rendered by the employee. A separate trust is formed for gratuity, which is funded by the Company.

Leave Encashment: This benefit represents un-availed leave accruing to the credit of the employees accumulated and paid to shore and floating employees as per respective rules.

Post retirement Medical benefits: The Company is obtaining Medi-Claim Policy for an insurance coverage at the rate of Rs.one lakh per individual per annum. The medi-claim policy covers hospitalization, medical treatment and domiciliary medical treatment. The retired employees and his/her spouse are entitled to this policy subject to an annual payment of Rs.100 per head per annum. The balance annual premium payable towards the medi-claim policies is met by the Company. During the year the Company paid a Premium of Rs 5.52 lakh (inclusive of members contribution)

	Gratuity (Funded)	Leave Encashment (un funded)	
		Floating Staff	Shore Staff
I. Assumptions			
Mortality			
Discount Rate	7.00%	7.00%	7.00%
Rate of increase in Compensation	4.00%	4.00%	4.00%
Rate of return (expected) on plan assets			
Withdrawal rate	5.00%	5.00%	5.00%
Expected average remaining service (years)	5.98	7.51	5.69
II. Changes in present value of obligations			
PVO at beginning of period	1055	179	453
Interest Cost	68	12	32
Current Service Cost	157	288	117
Benefits paid	(283)	(32)	(41)
Actuarial (gain)/loss on obligation	(559)	(293)	10
PVO at end of the period	1556	153	571
III. Changes in fair value of plan assets			
Fair Value of Plan Assets at beginning of period	1506	—	—
Expected return on Plan Assets	—	—	—
Contributions	—	32	41
Benefits paid	(283)	(32)	(41)
Actuarial gain/(loss) on plan assets	105	—	—
Fair Value of Plan Assets at the end of period	1328	—	—
IV. Fair value of plan assets			
Fair Value of Plan Assets at beginning of period	1506	—	—
Actual return on Plan Assets	105	—	—
Contributions	—	32	41
Benefits paid	(283)	(32)	(41)
Fair Value of Plan Assets at end of period	1328	—	—
Funded Status	(227)	(154)	(571)
Excess of actual over estimated return on Plan Assets	105	—	—
V. Experience History			
Gain/loss on obligation due to change in Assumption	182	(20)	106
Experience (Gain) / Loss on obligation	376	(273)	(97)
Experience (Gain) / Loss on Plan Assets	105	—	—
Vi. Actuarial Gain/(Loss) Recognized			
Actuarial Gain/(Loss) for the period (Obligation)	(559)	293	10
Actuarial Gain/(Loss) for the period (Plan Assets)	105	—	—



DREDGING CORPORATION OF INDIA LIMITED

SCHEDULE-XIV Contd.

(Rs. in Lakh)

	Gratuity (Funded)	Leave Encashment (un funded)	
		Floating Staff	Shore Staff
Total Gain/Loss for the period	(454)	293	(10)
Actuarial Gain/(Loss) recognized for the period	(454)	293	(10)
Unrecognised Actuarial Gain/(Loss) at end of period	---	---	---
<u>VII. Amounts recognized in the balance sheet and statement of profit & loss account</u>			
PVO at end of period	1555	154	571
Fair Value of Plan Assets at end of period	1328	—	—
Funded Status	(228)	(154)	(571)
Unrecognized Actuarial Gain/(Loss)	—	—	—
Net Asset/(Liability) recognized in the balance sheet	(228)	(154)	(571)
<u>VIII. Expense recognized in the statement of P&L A/c</u>			
Current Service Cost	157	287	117
Interest cost	68	12	32
Expected Return on Plan Assets	---	—	—
Net Actuarial (Gain)/Loss recognized for the period	454	(293)	10
Expense recognized in the statement of P&L A/c	679	7	160
<u>IX. Movements in the Liability recognized in Balance Sheet</u>			
Opening Net Liability	(451)	179	452
Expenses as above	679	7	160
Contribution paid	—	(32)	(41)
Closing Net Liability	227	154	570
<u>X. Short Term Compensated Absence Liability</u>			
Valuation date	31-03-2009	31-03-2009	31-03-2009
No. of days	---	6447	37779
Amount*	---	161	509

(*Not included in the Net liabilities under item No. VIII)

m) Disclosure of provisions required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets."

Provision for	Carrying amount at the beginning of the year (01-04-2008)	Additional provisions during the year	(Rs in Lakhs)	
			Amounts used during the year	Carrying amount at the end of the period (31-03-2009)
Employee benefits	668.38	56.28	0	724.66
Contractual obligations	40.11	0	0	40.11

n) Provision for bad and doubtful debts amounting to Rs. 8179 lakhs was created in respect of works executed during period 01-06-2000 to 31-03-2002 in the estuary of River Hoogly (Haldia Port). During the year these claims were accepted by the port and admitted for payment. In view of the certainty of its receipt the provision made in the earlier years is reversed and taken in other income.

o) Consequent upon the observation of Comptroller and Auditor General of India, during the course of their audit under Section 619 (4) of the Companies Act, 1956, the accounts and notes forming part of the accounts as approved by Board of Directors in the 238th Board meeting held on 29-06-2009 have been revised. These changes resulted in increase in Profit Before and After Tax by Rs. 21.33 Lakhs and an increase in Fixed Assets by Rs. 166.57 lakhs and decrease in net current assets by Rs. 145.24 lakhs.

p) Figures have been rounded off to decimals of lakh.

q) Figures for the previous year have been re-grouped wherever necessary to conform to current year groupings.



DREDGING CORPORATION OF INDIA LIMITED

SCHEDULE-XV - ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

- a) The Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles.
- b) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. OPERATIONAL INCOME:

- a) Unbilled values of works executed up to 31st march are considered as income although bills are raised subsequently. The Corresponding debit balances are shown under "Current Assets-unbilled operational income receivable".
- b) Claims preferred on Customers for works/items not contemplated are considered as income on their acceptance.
- c) Income in respect of incomplete dredging jobs undertaken on insitu basis are accounted for on the basis of estimated realizable value of the work done up to 31st March.

3. OTHER INCOME:

- a) Sale proceeds of condemned and unserviceable Spares, Stores, Empties, Waste Oil, etc are accounted for in the year of disposal.
- b) Liquidated damages recovered from suppliers are accounted on settlement of bills.
- c) Interests on Tax refunds are accounted on receipt basis.
- d) In respect of hull and machinery insurance claims, until final settlement, 80% of the claimable amount based on estimate of technical department, after deductible excess, or the actual amount received, whichever is higher, is treated as income from insurance claims. Provision for repair expenditure is simultaneously made as per the estimate of technical department where actual repairs have not been completed and/or bills not settled with the repairers. In respect of other claims, the same are accounted for on realization/settlement by the underwriters.

4. OPERATIONAL EXPENSES:

- a) Spares issued to Dredgers, of the nature of inventory, are charged to revenue as and when consumed.
- b) Stores:
Stores and Lubricants delivered to the crafts during the year and acknowledged by the Master/CEO are charged to revenue. Provision is made towards consumption for the material delivered to crafts up to 31st March in respect of which acknowledgements are not received.
- c) Insurance:
Final adjustments to Insurance Premium paid are considered in accounts on the basis of demands received.

5. DEPRECIATION:

Depreciation is provided under straight-line method in accordance with Schedule XIV of the Companies Act. In respect of the following Assets, depreciation is provided on straight-line method at the following rates based on the technical estimation of the useful lives of such assets:-

- a) Pipeline Equipment: 25% for Mild Steel Pipeline equipment and 12.5% for High Density polyethylene pipeline equipment.
- b) Second hand assets/retrofit of the vessels: as per the estimated balance service life.
- c) Building on lease: Cost of Buildings constructed on lease hold land is amortised over the lease period.
- d) Items of Fixed Assets whose cost does not exceed Rs.5000/- (Rupees Five thousand) each are capitalized and depreciated 100% during the year.
- e) Cost of Library: Cost of Library is considered as Other Establishment expenditure.



DREDGING CORPORATION OF INDIA LIMITED

6. FIXED ASSETS:

- a) Fixed Assets are stated at historical cost less depreciation (historical cost includes financing cost and other related overheads).
- b) Grants in Aid relating to specific Fixed Assets are shown as deduction from the gross value of the assets concerned in arriving at book value.
- c) Items of the nature of Capital/ Equipments are capitalized and depreciated over the remaining useful life of the asset.

7. BORROWING COSTS:

Borrowing costs attributable to acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset, till the time the asset is put to use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

8. STOCK OF SPARES AND STORES:

- a) Stock of spares and stores is valued at weighted average cost and is inclusive of:
 - i) Customs Duty, if any, as applicable to the whole consignment and
 - ii) Overheads at pre-determined rate.
- b) Reconditioned spares are valued at the respective cost of reconditioning.
- c) Value of Materials dispatched on F.O.B. basis by Foreign Suppliers on or before 31st March of a year is considered in the accounts of that year, provided dispatch documents are retired or accepted within 15 days of the end of the accounting year.

9. INVESTMENTS:

Investments are classified as long term and are carried at cost.

10. EMPLOYEE BENEFITS:

Provisions for Gratuity Liability and leave encashment liability are made on the basis of actuarial Valuation using the projected unit credit method. In the case of crew and MPW of floating employees who are entitled to settlement of leave in full on signing off, provision is made for the leave at credit of such employees as on 31st March. Actuarial liability in excess of respective plan assets is recognized during the year.

Provision for Gratuity as per the Actuarial valuation is funded with a separate Trust.

11. PROVISIONS, CONTINGENT LAIBILITIES & CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities, if material, are disclosed by way of notes.

For and on behalf of Board of Directors

-sd-
(CAPT.S.S.TRIPATHI)
Chairman and Managing Director

-sd-
(P.V.RAMANA MURTHY)
Director (Finance)

PLACE : VISAKHAPATNAM
DATED : 31.07.2009

As per our Report of even date
For Rao & Narayan
Chartered Accountants

-sd-
(P.V. SUBBA RAO)
Partner

-sd-
(K.ASWINI SREEKANTH)
Company Secretary

PLACE : VISAKHAPATNAM
DATED : 31.07.2009



DREDGING CORPORATION OF INDIA LIMITED

To
The Board of Directors,
DREDGING CORPORATION OF INDIA LIMITED

We have examined the attached Cash Flow Statement of DREDGING CORPORATION OF INDIA LIMITED for the year ended 31-03-2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with Stock Exchanges and based on agreements with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report, dated 31-07-2009 to Members of the Company.

For Rao & Narayan
Chartered Accountants
-sd-
(P.V. SUBB RAO)
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 (Rs. in Lakh)

	YEAR ENDED 31-3-2009	YEAR ENDED 31-3-2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	6188.82	15077.28
Less/Add: Profit/Loss on sale of assets	0.45	0.33
	<u>6189.27</u>	<u>15077.61</u>
ADJUSTMENT FOR:		
Depreciation	5268.12	4173.39
Impairment loss	-17.52	0.00
Interest Expense	-171.81	130.03
Interest Income	(-3134.77)	(-3559.24)
	<u>1944.02</u>	<u>744.18</u>
Operating Profit before Working Capital Changes:	8133.29	15821.79
Working Capital changes		
Increase/decrease in inventory	(-5222.77)	(-697.02)
Increase/decrease in Sundry Debtors	(-1235.68)	(-6687.19)
Increase/decrease in other current Assets	5759.11	(-11350.65)
Increase/decrease in trade payables	7347.03	4705.58
	<u>6647.69</u>	<u>(-14029.28)</u>
Cash generated from operations	14780.98	1792.51
Less: Interest paid	164.42	(-) 137.88
Income Taxes paid	-4293.55	6698.51
	<u>-4129.13</u>	<u>6560.63</u>
Net Cash from operating activities (A)	10651.85	8353.14
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(-)3605.86	(-) 16878.82
Proceeds from Sale of Equipments	0.06	0.38
Interest Received	2906.52	3778.61
Investments	(-)550.00	(-)1000.00
	<u>(-)1249.28</u>	<u>(-)14099.83</u>
Net Cash from investing activities (B)	(-)1249.28	(-)14099.83
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long term Borrowings	0.00	0.00
Payment of Long Term Borrowings	(-)1102.08	(-) 1362.49
Dividend paid	(-) 2100.13	(-)4620.13
Corporate Dividend Tax	(-)356.92	(-)785.19
	<u>(-)2457.05</u>	<u>(-) 5405.32</u>
Net Cash from Financing Activities (C)	(-)3559.13	(-)6767.81
Net increase/decrease in cash and cash equivalents (A+B+C)	5843.44	(-)12514.50
Cash & Equivalents as at 01.04.2008 (Opening Balance)	27340.94	39855.44
Cash & Equivalents as at 31.03.2009 (Closing Balance)	33184.38	27340.94

For and on behalf of Board of Directors
-sd-

(CAPT.S.S.TRIPATHI)
Chairman and Managing Director

-sd-

(P.V.RAMANA MURTHY)
Director (Finance)

-sd-

(K.ASWINI SREEKANTH)
Company Secretary

As per our Report of even date
For Rao & Narayan
Chartered Accountants

-sd-

(P.V. SUBB RAO)
Partner

PLACE : VISAKHAPATNAM
DATED : 31.07.2009

PLACE : VISAKHAPATNAM
DATED : 31.07.2009



DREDGING CORPORATION OF INDIA LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No. : 008129

State Code : 55

Balance Sheet Date : 31 03 2009
Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

012742859

Total Assets

012742859

Source of Funds

Paid-up Capital

00280000

Reserves & Surplus

012407756

Secured Loans

NIL

Unsecured Loans

000055103

Deferred Tax Liability

NIL

Application of Funds

Net Fixed Assets

005507632

Investment

000300001

Net Current Assets

006935226

Misc. Expenditure

NIL

Accumulated Losses

NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

008322230

Total Expenditure

007703348

$\frac{+}{\checkmark} -$

Profit / Loss Before Tax

000618882

$\frac{+}{\checkmark} -$

Profit / Loss After Tax

000463717

(Please tick Appropriate Box + for Profit, - for Loss)

Earning Per Share in Rs.

0000017

Dividend rate %

50

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. : NOT SPECIFIED

(ITC Code)

Product Description : DREDGING SERVICES

For and on behalf of Board of Directors

-sd-

(CAPT.S.S.TRIPATHI)

Chairman and Managing Director

-sd-

(P.V.RAMANA MURTHY)
Director (Finance)

-sd-

(K.ASWINI SREEKANTH)
Company Secretary

As per our Report of even date

For Rao & Narayan

Chartered Accountants

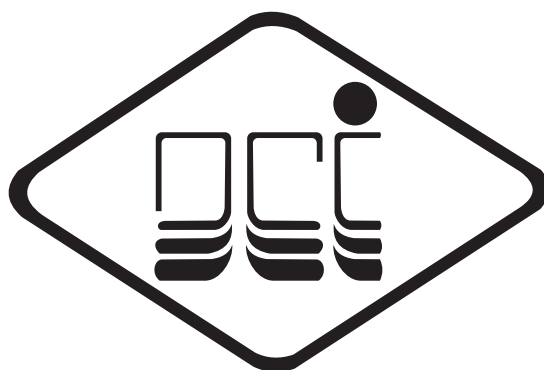
-sd-

(P.V. SUBBA RAO)
Partner

PLACE : VISAKHAPATNAM
DATED : 31.07.2009

PLACE : VISAKHAPATNAM
DATED : 31.07.2009

DREDGING CORPORATION OF INDIA LTD.
(A Government of India Undertaking)



33RD ANNUAL REPORT
2008 ~ 2009

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

BOARD OF DIRECTORS

*Capt.S.S.Tripathi
Chairman and Managing Director*

*Shri P.V.Ramana Murthy
Director (Finance)*

*Shri P.Sridharan
Director (Ops. & Tech.)
(from 20/08/2009)*

Shri Rakesh Srivastava, I.A.S

Dr.A.R.Goyal

Dr.S.Narasimha Rao

Shri S.Balachandran

Dr.Gautam Barua

Dr.Debashis Sanyal

Shri A.Sounderaraajan

*Cmde G.V.Ratnam
Director (Ops. & Tech.)
(Upto 17/09/2008)*

GENERAL MANAGER (FIN.)

Shri K.Kiriti

COMPANY SECRETARY

Shri K.Aswini Sreekanth

BANKERS

*Syndicate Bank
State Bank of India
ABN AMRO Bank*

AUDITORS

*M/s. Rao & Narayan
Chartered Accountants,
Srinivasa Apartments,
Flat No. 6, Raj Bhavan Road,
Somajiguda,
Hyderabad - 500 082*

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 2523250
Fax : 0891 2560581*

REGISTRARS & TRANSFER AGENT

*M/s Karvy Computershare Private Limited
Plot no.17 to 24, Vithalrao Nagar
Hyderabad - 500 081
Phone : 040 23420818
Fax : 040 23420814
e-mail: einward.ris@karvy.com*



DREDGING CORPORATION OF INDIA LIMITED.

Registered Office : Core: 2, 1st Floor, "SCOPE MINAR", Plot No. 2A & 2B, Laxminagar District Centre, Delhi - 110 092.
Head Office : "Dredge House", Port Area, Visakhapatnam - 530 035.

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Joint shareholders may obtain additional Attendance Slip on request.

DP. Id*

Client Id*

Regd. Folio No.:

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held :

I hereby record my presence at the 33RD ANNUAL GENERAL MEETING of the company held on 24th September, 2009 at 1000 hrs. in Siri Fort Auditorium No.I, Siri Fort Cultural Complex, August Kranti Marg, New Delhi - 110049

Signature of the shareholder or proxy.

*Applicable for investors holding shares in electronic form

--- TEAR HERE ---



DREDGING CORPORATION OF INDIA LIMITED.

Registered Office : Core: 2, 1st Floor, "SCOPE MINAR", Plot No. 2A & 2B, Laxminagar District Centre, Delhi - 110 092.
Head Office : "Dredge House", Port Area, Visakhapatnam - 530 035.

PROXY FORM

DP. Id*

Client Id*

Regd. Folio No.:

I/We _____ of

_____ being a member / members of Dredging

Corporation of India Limited hereby appoint _____ of

_____ or failing him

_____ of

as my / our proxy to vote for me / us and on my / our behalf at the 33RD ANNUAL GENERAL MEETING of the company held on 24th September, 2009 at 1000 hrs. in Siri Fort Auditorium No.I, Siri Fort Cultural Complex, August Kranti Marg, New Delhi - 110049 or at any adjournment thereof.

Signed this 31st day of July, 2009.

*Applicable for investors holding shares in electronic form.

Affix Fifteen
Paise
Revenue
Stamp

NOTE : THE PROXY FORM IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

UNDER CERTIFICATE OF POSTING

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If undelivered please return to :
KARVY COMPUTERSHARE PRIVATE LIMITED
Plot No.17 to 24
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HYDERABAD - 500 081,
Andhra Pradesh, India
TEL: + 91-40 23420818
FAX: +91-40 23420814
e-mail: einward.ris@karvy.com