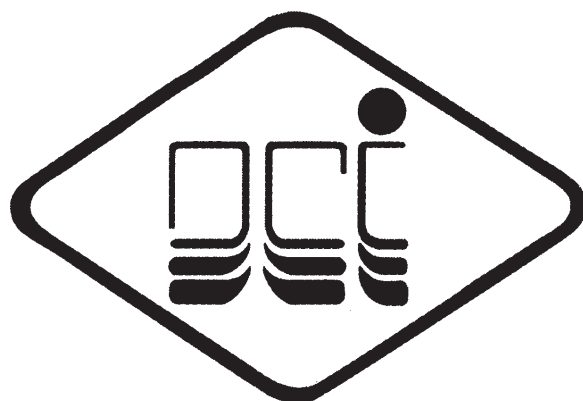


DREDGING CORPORATION OF INDIA LTD.

(A Government of India Undertaking)

**36TH ANNUAL REPORT
2011 - 2012**



IMPORTANT

Sub: A Green Initiative in the Corporate Governance

Dear Shareholder,

The Government of India, Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing companies to comply with the requirements of the Companies Act, 1956 in a paperless manner by allowing them to send communications including notices/ documents, annual reports to its shareholders through electronic mode at the registered e- mail addresses of the shareholders.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment. This is a golden opportunity for every shareholder of Dredging Corporation of India Limited to contribute to the Corporate Social Responsibility initiative of the Company. Further, it will ensure instant and definite receipt of all the notices/documents by you.

All Shareholders are requested to be a part of this green initiative of Government of India by registering their e-mail address for enabling the Company to send the communication including Annual Report to shareholders by e-mail.

Shareholders holding shares in physical form are requested to fill the form given below and send the same to the following address or by an email giving the details in the form:

Karvy Computershare Private Limited (Unit: Dredging Corporation of India Ltd)
Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081,
Email: einward.ris@karvy.com

The form given below is also available at the website of the Company at www.dredge-india.com

Shareholders holding shares in dematerialised form are requested to register their e-mail addresses with their Depository Participant.

The full text of the communication to the shareholders including the Annual Report will be posted in the website of the Company.

Please note that as a member of the Company you are entitled to receive all communications in physical form also, upon making specific requests.

E-COMMUNICATION REGISTRATION FORM

Folio No./ DP ID & Client ID : _____
Name of First Registered Shareholder : _____
Name(s) of Joint Shareholder(s) : _____
Registered Address : _____
: _____
E-mail address (to be registered) : _____

I/we, shareholder(s) of Dredging Corporation of India Limited agree to receive all communication from the Company in electronic mode. Please register the above mentioned e-mail address in your records for sending communication through electronic mode.

Dated:..... Signature of First Holder:

Note: Shareholder(s) are requested to keep the Company/Depository Participants informed as and when there is any change in their registered e-mail address.



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For Hindi Version of the 36th Annual Report 2011-12
please write to the Company Secretary giving the
Folio/ Client ID number.

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

BOARD OF DIRECTORS

(As on 31/3/12)

Capt. D K Mohanty
Chairman and Managing Director

Shri P.V.Ramana Murthy
Director (Finance)

Cmdr. P. Jayapal (Retd.)
Director (Operations & Technical)

Shri Rakesh Srivastava, I.A.S

Dr.S.Narasimha Rao

Shri S.Balachandran

Shri Vinai Kumar Agarwal

HEAD OF THE DEPARTMENT (FIN.)

Shri P. P. Govindachari

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Shri K.Aswini Sreekanth
sreekanth@dc.gov.in

BANKERS

Syndicate Bank
State Bank of India

AUDITORS

M/s. G R Kumar & Co.,
Chartered Accountants,
Flat No. 9, Merry Life Apartments
Doctors colony, Peda waltair,
Visakhapatnam - 500 017

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, Vittalrao Nagar
Hyderabad - 500 081
Phone : 040 44655000
Fax : 040 23420814
e-mail: einward.ris@karvy.com

**NOTICE**

NOTICE is hereby given that the 36th Annual General Meeting of the shareholders of Dredging Corporation of India Limited will be held at 1000 hrs on Friday, the 28th September, 2012 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 2011-12, the audited Balance sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended 31st March, 2012 together with the Auditors' Report thereon.
2. To appoint a Director in place of Shri M C Jauhari, who retires as rotational Director and is eligible for re-appointment.
3. To appoint a Director in place of Shri S. Balachandran, who retires as rotational Director and is eligible for re-appointment.
4. To appoint a Director in place of Shri Vinai Kumar Agarwal, who retires as rotational Director and is eligible for re-appointment.
5. To appoint a Director in place of Shri P. V. Ramana Murthy, who retires as rotational Director and is eligible for re-appointment.
6. To pass with or without modification, the following resolution as ordinary resolution for payment of remuneration to Statutory Auditors :

"RESOLVED THAT pursuant to clause (aa) of Sub-Section (8) of Section 224 of the Companies Act, 1956, the remuneration of the Statutory Auditors of the Company, GR Kumar & Co, Chartered Accountants, appointed by Comptroller and Auditor General of India be and is hereby fixed at ₹2.50 lakh (rupees two lakh and fifty thousand only) plus service tax as applicable for the year 2011-2012.

SPECIAL BUSINESS

7. To consider and if thought fit to pass with or without modification (s) the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) of Companies Act, 1956 or any amendment or modifications thereof, the consent of the members of the company be and is hereby accorded to the Board of Directors of the Company, to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of the Company, in excess of the aggregate of the paid-up capital of the Company and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, on such terms and conditions as to repayment, interest or otherwise,

as the Board thinks fit, subject to the proviso that such borrowing together with the moneys already borrowed shall not exceed ₹2500 Cr. (Rupees Two thousand and five hundred crores) and shall exclude all temporary loans obtained by the Company from its bankers in the ordinary course of its business, on such terms and conditions as the Board may consider necessary and expedient in the best interest of the Company."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things including to create charge / provide security for the sums borrowed on such terms and conditions and in such form and manner and with such ranking as to priority, as it may in its absolute discretion consider necessary, proper or desirable."

By Order of the Board of Directors

Place : Visakhapatnam

(K.Aswini Sreekanth)

Dated: 31-08-2012

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 21st September, 2012 to 28th September, 2012 (both days inclusive).
3. Members are requested to note that pursuant to provisions of Section 205 A (5) read with Section 205C 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 company has transferred the unclaimed dividend upto the interim dividend for the year 2004-2005 declared on 29/01/2005 to the IEP Fund.

Shareholders who have not so far encashed the dividend warrant (s) are requested to seek issue of duplicate warrant (s)/demand drafts by writing to 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.
4. 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.
 5. 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.
 6. 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.
 7. Members seeking any information with regard to accounts are requested to write to the Company at the earliest to facilitate keeping the information ready.
 8. Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance slip.
 9. Brief resume of the Directors who are due to retire by rotation and are proposed to be re-appointed at this AGM is as under:-

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AT THE 36TH ANNUAL GENERAL MEETING

Name of the Director	M C Jauhari	Vinai Kumar Agarwal	S. Balachandran	P. V. Ramana Murthy
Date of Birth	02/08/1962	30/10/1950	27/08/1946	15/12/1954
Date of Appointment	21/06/2012	11/11/2011	11/11/2011	05/12/2007
Qualifications	M.Sc.	B.E.	M.Sc.	B.Com, ACA
Expertise in specific functional areas	He joined Ministry of Shipping as Joint Secretary (Shipping) in January, 2012. He has worked in the State Government of Assam in various capacities and also as Joint DG/ Director in DGFT in Commerce & Industry Ministry, Govt. of India, New Delhi.	He is a Civil Engineer and from Indian Railways Service of Engineers. He was Managing Director, Rites Ltd., prior to which he worked in various capacities in Indian Railways. He has extensive exposure in African countries where RITES operated. He has wide experience in administration, consultancy and project management.	He is an expert in financial management, planning, capital budgeting, financial appraisal. He has 35 years of experience in Railways and on deputation outside in Corporate and other Government Sectors. He worked in Indian Railway Finance Corporation for about 10 years at the senior Management Level including as Managing Director.	He has experience in Finance & Accounts. Prior to joining DCI as Director (Finance) he held the post of General Manager (Finance) in Bharat Dynamics Ltd. Also worked in Andhra Pradesh State Financial Corporation and Hindustan Aeronautics Limited.
Shareholding in DCI	Nil	Nil	Nil	Nil
List of Public Companies in which Directorship held	1. Shipping Corporation of India Ltd. 2. Cochin Shipyard Ltd	KIOCL (formerly Kudremukh Iron Ore Company Ltd)	1. Power Trading Corpn., of India Limited 2. PTC Energy Limited 3. ONGC Petro Additions Limited	Nil

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

1. The Company has placed orders for three Trailer Suction Hopper dredgers of 5500 Cu.M hopper capacity each, as per the approval of Cabinet Committee on Infrastructure conveyed by Ministry of Shipping, Government of India, vide letter no. PO-28028/3/2004-DCI dt 09.04.10 at the total indicative price of Euro 250 Million equivalent to ₹1570.21 crore at the exchange rate of 1 Euro = ₹62.81 as on 06.02.2009, i.e., the date of opening of price bid, payable at the exchange rate prevailing on the date of making stage payment. The cost would be financed partly from internal resources and partly from borrowings. The financial closure for the first two dredgers covering 80% of the building cost has been completed. Financing for the third dredger is under process. The total borrowings for these dredgers considering the borrowings availed till date and the balance borrowings at the exchange rate of 1€=₹68.31 as on 2/8/12 would be around ₹1300 Cr out of which about ₹362 Cr has been drawn as on 31/07/12.
2. Further in the twelfth plan for 2012-17, the Company proposes to procure two more higher capacity trailer suction hopper dredgers of 9000 Cu.M hopper capacity each at a cost of about ₹1300 Cr. The Company has also plans for refurbishing the existing dredgers which are old. The funds required will be met both from internal resources and borrowings.
3. The aggregate requirement for borrowings including the existing borrowings for the two trailer suction hopper dredgers of 5500 Cu.M hopper capacity each and proposed borrowings for the third trailer suction hopper dredger of 5500 Cu.M hopper capacity and two trailer suction hopper dredgers of 9000 Cu.M hopper capacity each would be around ₹2500 Cr.
4. As of 31/3/2012, the paid up capital is ₹28.00 Cr. and free reserves is ₹1169 Cr. aggregating to ₹1197 Cr.
5. In terms of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors shall not borrow monies where the monies to be borrowed together with the monies already borrowed (other than the temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the

aggregate of the Paid Up Capital and Free Reserves of the Company, except with the consent of the Company in general meeting.

6. In view of the above, the existing borrowing powers of the Board which is aggregate of paid-up share capital and free reserves as per the Companies Act will not be adequate to cover the CAPEX funds requirements.
7. It is therefore, necessary to enhance the powers of the Board. The Board of Directors of the Company have recommended for approval of the Members for enhancement in the borrowing powers to ₹2,500 Cr. (Rupees two thousand five hundred Crores only) at its Meeting held on 13/08/2012 .
8. The Board of the Directors of your Company recommend for your approval the Ordinary Resolution as set out in the Notice.
9. The document(s) referred above are available for inspection at the Registered Office of the Company during office hours on working days and also at the place of the AGM during the meeting by the Members.
10. None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board of Directors

Place : Visakhapatnam

Dated: 31-08-2012

(K.Aswini Sreekanth)

Company Secretary

**DIRECTORS' REPORT FOR THE YEAR 2011-12**

Your Directors have pleasure in presenting this 36th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2012.

The first of the three state of the art Trailer Suction Hopper dredgers of 5500 Cu.M Hopper Capacity each ordered, scheduled to join the fleet towards the end of this year in December 2012. The remaining two dredgers will follow and join the fleet in June 2013 and January 2014 respectively. The addition of these dredgers will help the Company to augment its capacity as well meet the dredging commitments at various ports in an unhindered way as well as enable the Company to take up refurbishment the existing aged dredgers so as to enhance their life as well as their efficiency.

The financial closure for the first two dredgers has been completed during the year. The Company is exploring structured products for financing the third dredger including issue of Tax Free Infrastructure Bonds subject to the approval of Government of India.

In continuation of the steps taken for capacity augmentation, the Company proposes to procure two 9000 Cu.M Hopper capacity TSHDs during the current 12th Plan period 2012-2017.

The Company is sure that with the continuous capacity augmentation the performance will continuously improve over the years to come.

FINANCIAL RESULTS

The ageing dredgers and their prolonged layups continued to effect the operations of the Company during the year. The operational income for the year is ₹49165.82 lakh as compared to ₹50714.15 lakh for the previous year. The other income is ₹1292.47 lakh as compared to ₹1558.33 lakh for the previous year.

The total income for the year is ₹50458.29 lakh as compared to ₹52272.48 lakh for the previous year.

Profit after tax is ₹1318.10 lakh as compared to ₹3951.47 lakh for the previous year.

The Company's earning per share for 2011-2012 is ₹4.71 as compared to ₹14.11 for the previous year.

DCI FLEET

As on 31st March 2012, your Company has among others, 10 Trailer Suction Hopper Dredgers (TSHD), 3 Cutter Suction Dredgers (CSD) and one Back Hoe Dredger apart from other ancillary crafts. The Craft wise particulars are at Annexure-I

BORROWING POWERS

A proposal for increasing the borrowing powers of the company to ₹2500 Cr to facilitate borrowings for meeting the CAPEX plans is submitted for approval of the Members as Special Business along with the required explanatory statement thereof. It is recommended that the Members accord approval to the proposal.

DIVIDEND

Considering the massive capital commitments underway towards procurement of dredgers and in the interest of the future growth of the company, the Board of Directors did not recommend dividend for the year 2011-12.

DREDGING OPERATIONS

The Company is catering to the the dredging requirements of the Haldi/Kolkata Port almost for the past thirty years. The Company also caters to the maintenance dredging requirements to other major ports, Indian Navy etc. The Company is taking up capital dredging assignments also depending on the availability of the vessels and other logistic requirements.

During the year under review, maintenance dredging contracts were executed for Kolkata Port, Karwar Port, Mormugao Port, new sand trap and its approaches for Visakhapatnam Port Trust, Naval Channel at Ernakulam, channels and basins at Cochin Port. The Capital dredging work is being executed at Ennore Port.

The above 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 90% of the available capacity.

MEMORANDUM OF UNDERSTANDING

The Company has signed Memorandum of Understanding (MOU) with Government of India for the year 2012-13.

INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE

- All dredgers (except dumb vessels Dr - VII and Dr. XVIII) and Tug- VII of DCI hold valid Safety Management Certificates (SMC).
- DCI holds a Document of compliance (DOC) valid till 24-06-2012. The same is being endorsed every year after annual verification audit by DG Shipping.

SHIP SECURITY SYSTEM (ISPS)

All dredgers (except dumb vessels Dr. - VII and Dr. - XVIII) and Tug - VII of DCI hold valid International Ship Security Certificates (ISSC).

QUALITY MANAGEMENT SYSTEM**(ISO 9001:2008)**

DCI is certified for Quality Management System (ISO 9001:2008) by Indian Register of Shipping (IRQS). The first QMS Surveillance Audit after renewal / recertification was carried out successfully in March, 2012.

ENVIRONMENT MANAGEMENT SYSTEM**(ISO 14001:2004)**

DCI is certified for Environmental Management System (ISO 14001:2004) by IRQS. The first EMS Surveillance Audit was carried out successfully in March, 2012.

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 2011-12 as required under Sec. 217 (2A) of the Companies Act, 1956 is



"Nil" as no employee earned a salary of ₹60 lakhs per annum or ₹5 lakh per month during the year 2011-12.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

a) Conservation of energy under Sec.217(1)(e): Your Company does not fall under the category of companies which are required to furnish this information. However, the following measures have been taken:

- i) All the dredgers in DCI fleet are installed with sophisticated and state-of-the art instrumentation like Differential Global Positioning System (DGPS) and Draft Volume Load Monitoring (DVLM) system to facilitate efficient dredging with potential energy saving.
- ii) While procuring new dredgers, fuel efficient design with advanced technology is selected.
- iii) Continuous efforts are being made to optimise the fuel consumption on board dredgers as cost of fuel constitutes approximately 30-35% 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):

	(₹ In Lakhs)
i) Foreign Exchange Earnings :	0.00
Total	0.00
ii) Foreign Exchange outgo:	
a) Import of components and spares (CIF value)	3686.01
b) Payment of interest on foreign currency loan	0.00
c) Foreign travel	8.31
Total	3694.42

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Corporate Governance Report and Certificate from the Company Secretary in practice 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, 2012 was 631, as against 683 during the previous year.

EMPLOYMENT OF VARIOUS RESERVED CATEGORIES:

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

A. Employment of SC/ST Candidates

The Corporation continued its efforts to 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, 2012 was SCs - 94, i.e., 14.94 % as against prescribed percentage of 16.66% and STs 32 i.e., 5.08% 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 14.57% 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, 2012 is 7 (seven), 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	173	49	01	2.04
B	93	52	04	7.69
C	57	50	02	4.00
D	05	05	Nil	Nil
Total	328	156	07	4.49

The overall percentage of Group 'A' & 'B' posts comes to 3.50% of the identified posts in these Groups, which is higher than the prescribed 3%. The overall percentage of Group 'C' and 'D' posts comes to 4.47% of the total sanctioned strength in these groups which is higher than the prescribed 3%. The Physically handicapped persons are being paid additional conveyance assistance as per the Government instructions.

D. Employment of women

The number of women employees on Rolls as on 31st March, 2012 is 45 as against 50 as on 31st March, 2011. Out of them number of executives is 15 and Non-Executives is 30.

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 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 :

- i) The women employees in the Corporation are entitled to 180 days of Maternity Leave.
- ii) Special Casual leave not exceeding 14 working days is sanctioned to regular women employees of the Corporation to undergo non-puerperal sterilisation.
- iii) One day special casual leave is allowed to the regular women employees of the Corporation who had ICUD insertions.
- iv) Basing on Apex Court's judgement and keeping in view the Government instructions on Sexual harassment of Women at work places, a Compliant Committee headed by a Woman Officer was constituted to inquire into the complaints of Sexual Harassment at work places. A Compliant Register is also being maintained.
- v) DCI is a Life Member of the Forum for Women in Public Sector and one women 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.
- v) As a welfare measure, a Rest Room is provided exclusively for the women employees.
- vi) Working uniforms are provided to Group'D' women employees, as per the scales prescribed in the Rules.
- vii) The women employees of DCI are sponsored to various in-house and also external training programmes. Out of 45 women employees, 7 had undergone training during the year 2011-12.

WAGE SETTLEMENTS

A. FLOATING ESTABLISHMENT :

- i) The INSA-MUI (FG/HT) Agreements in respect of Floating Officers is due for revision w.e.f. 01.04.2012.
- ii) The INSA-NUSI Agreements, relating to HT Petty Officers is due for revision w.e.f. 01.04.2010.
- iii) The Wage Agreement of Crew/MPWs is due for revision w.e.f. 01.04.2010.

B. SHORE ESTABLISHMENT:

The Revised pay scales of Executives and Non-Executives have been implemented w.e.f. 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 Scholarships 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 Corporation is making sincere and concerted efforts for the overall development of Human Resources, both on Shore and Floating Establishments.

During the year 2011-12, as against a target of Employee Training and Motivation, the following have been complied:

- i) 87 employees were trained in 23 various training programmes with 163 training man days.
- ii) 6 minority persons were imparted training during the year as against 2 in the previous year, which is 8%
- iii) Under Tonnage Tax scheme, the corporation has to fulfill the Minimum Training Requirement (MTR) for the year 2011-12. For the year 2011-12 the Basic Training Commitment (BTC) for DCI is 7249 training mandays against which 7908 training mandays were imparted.
- iv) 4 DCCP Apprentice Trainees and 5 Industrial Trainees in Finance and Marketing discipline were inducted for training for a period of 12 months.

IMPLEMENTATION OF THE RIGHT TO INFORMATION ACT, 2005

As per the Directives of the Government of India, the Corporation implemented the Right to Information Act, 2005 w.e.f. 12.10.2005, and made all required infrastructural arrangements such as appointment of Public Information Officers, Asst. Public Information Officers and Appellate Authority; Publication of 17 prescribed manuals giving classified Corporate Information about DCI for the 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 :

Six AIDC Deck Cadets have completed their 27 months training in June, 2011 and posted as trainee junior officers on board dredgers. Seven Dredge Grade Cadets, on completion of 2 weeks familiarisation course at IMU, Visakhapatnam, are presently undergoing training onboard DCI Dredgers for 18 months.

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 HOD (HSE) is the



Director of Public Grievances. 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. Complaints received during the year were suitably replied.

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) was set up at DCI Head Office, Visakhapatnam and the same is publicised in the web-site also.

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 employees trained under inservice training in Hindi and qualified in various examinations conducted thereunder are being awarded cash awards and personal pay.

Hindi week was celebrated during September and a Hindi Exhibition was also organised. The employees participated in the All India Hindi Seminars / Kavi Sammelans held at Visakhapatnam and presented papers / poetry.

Table Training / work-shop was arranged for employees to impart working skills drafting & noting in Hindi, and operation of Bilingual software.

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

Computerisation of Forms/ correspondence and reports in Hindi was implemented in various departments. Issue of Office Orders/Circulars, Reports submitted to Government and Parliament Committees was ensured in bilingual.

CITIZEN'S CHARTER

As per the directives of the 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. HOD(HR) is designated as Nodal Officer to co-ordinate and monitor the formulation and implementation of the Citizen's charter in DCI who also functions as Member Secretary of Task Force constituted for implementation of Citizen's Charter.

ACTIVITIES OF VIGILANCE DEPARTMENT

During the year 2011-12, the Vigilance department has taken significant measures to integrate its activities with other departments of the Corporation and provide a pro-active orientation to interface it with managerial process. As a part of the same, periodic, surprise and CTE type inspections have been carried out and systemic deficiencies and

irregularities noticed have been communicated to concerned departments for necessary action. Vigilance Awareness week was observed during 31st October 2011 to 5th November, 2011. Vigilance web page on the Company's website has been redesigned incorporating various aspects of vigilance, besides launching of online complaint system. Quarterly Vigilance Bulletin "Alert" is being published for dissemination of the latest information and knowledge on vigilance.

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 G.R.Kumar & Co., Chartered Accountants, Visakhapatnam were appointed by the Comptroller and Auditor General of India as Auditors for auditing the accounts of the Company for the financial year 2011-12. 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 ₹2.50 lakhs (Rupees two lakh and fifty thousand only) plus service tax as applicable for the year 2011-12 for approval of the members at this AGM.

AUDITORS' REPORT

The Auditors Report on the Accounts for 2011-12 is placed along with the Accounts.

C&AG COMMENTS

The Comments of the Comptroller and Auditor General of India on the Accounts for the year ended 31st March, 2012 are placed next to the Auditor's 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.

The term of the four Part-time Non-official Directors - Shri S.Balachandran, Dr.Gautam Barua, Shri A.Soundararaajan and Dr.Debashis Sanyal was completed on 16/4/11.

Ministry of Shipping vide letter dated 20/01/11 communicated the appointment of Shri P.Jayapal as Director (Operations and Technical) of the Company. Shri P.Jayapal assumed charge with effect from 18/4/11.

Ministry of Shipping vide letter dated 17/10/11 communicated appointment of Shri S. Balachandran and Shri Vinai Kumar Agarwal as Part-time Non-official Independent Directors. Shri S. Balachandran and Shri Vinai Kumar Agarwal assumed charged w.e.f. 11/11/11.

Ministry of shipping vide its letter dated 18/11/11 communicated appointment of Capt. D K Mohanty as Chairman and Managing Director of DCI. Capt. D K Mohanty assumed charge as CMD on 30/11/11.

Ministry of Shipping vide letter dated 15/03/12 communicated cessation of directorship of Dr.A.R. Goyal as Part-time Official Director of the Company. Dr. A. R. Goyal ceased to be Director w.e.f. 07.03.2012.

Ministry of shipping vide its letter dated 21/6/12 communicated appointment of Shri M.C.Jauhari, Joint Secretary (Shipping), MoS as part-time official Director of

DREDGING CORPORATION OF INDIA LIMITED



the Company in place of Shri Rakesh Srivastava, who has relinquished charge as Joint Secretary (Ports).

The Board places on record its appreciation of the valuable contribution and guidance rendered by Shri A.Soundararajan, Dr.Gautam Barua, Dr.Debashis Sanyal, Dr.A.R.Goyal and Shri Rakesh Srivastava during their term of office as Directors of the Company.

Pursuant to Section 256, of the Companies Act, 1956 it is proposed to retire Shri S.Balachandran, Shri Vinai Kumar Agarwal, Shri M.C.Jauhari and Shri P.V.Ramana Murthy at this meeting and they 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

CAPT. D.K.MOHANTY
CHAIRMAN AND MANAGING DIRECTOR

Place : Visakhapatnam

Date : 31/08/2012

ANNEXURE - I

DREDGERS AND FLOATING CRAFTS OF DCI

Craft	Year of built	Type of Vessel	Maximum Dredging depth	LOA (Mts.)	Installed Draft (Mts.)	Installed Hopper Volume (Cu.M)	Installed Horse Power (Kw)	Net Tonnage	No. of Dredging days
DCI Dredge V	1974	Self Propelled TSHD	2200	100.00	652	3539	-	2005	271
DCI Dredge VI	1975	Self Propelled TSHD	2200	104.00	630	3770	-	2139	179
DCI Dredge VII	1976	Non Propelled CSD	2200	86.00	250	-	8500	746	95
DCI Dredge VIII	1977	Self Propelled TSHD	2500	124.30	850	6500	-	4437	199
DCI Dredge IX	1984	Self Propelled TSHD	2500	102.60	750	4500	-	1547	69
DCI Dredge XI	1986	Self Propelled TSHD	2500	102.60	750	4500	-	1551	18
DCI Dredge XII	1990	Self Propelled TSHD	2000	115.00	650	4500	-	1906	322
DCI Dredge XIV	1991	Self Propelled TSHD	2000	115.00	650	4500	-	1906	110
DCI Dredge XV	1999	Self Propelled TSHD	2500	122.00	850	7400	-	2421	311
DCI Dredge XVI	2000	Self propelled TSHD	2500	122.00	850	7400	-	2414	242
DCI Dredge XVII	2001	Self propelled TSHD	2500	122.00	850	7400	-	2414	170
DCI Dredge Aquarius	1977	Self Propelled CSD	2500	107.00	485	-	17300	1019	41
DCI Dredge XVIII	2009	Non-propelled CSD	2500	88.00	300	-	10400	607	173
DCI Dredge BH1	2011	Non-propelled Backhoe	2150	55.68	-	-	-	21	
DCI Tug-VII	2005	Self Propelled (Twin Screw)	-	42.30	450	-	22T	21	
Survey Launch - I	1999	Survey Launch	-	12.50	1.85	-	-	18GT	
Survey Launch - II	2009	Survey Launch	-	16.00	1.45	-	-	41GT	
Survey Launch - III	2009	Survey Launch	-	16.00	1.45	-	-	41GT	



CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-12

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

i Composition of Board of Directors as on 31/03/2012: Pursuant to the Articles of Association of the Company, all the Directors are appointed by the President of India. The Company could not meet the requirements of the Corporate Governance with regard to composition of independent Directors. The matter has been taken with Ministry of Shipping and is being pursued. Non-Official Part-time Directors are Independent Directors. The composition of the Board as on 31/03/2012 is as under:

Name	Executive/Non-Executive	Official/Non-Official	Age	Qualifications
i) CAPT. D.K.MOHANTY CHAIRMAN AND MANAGING DIRECTOR (CMD)	EXECUTIVE	WHOLE-TIME OFFICIAL	57	MASTER (FG)
ii) SHRI P.V.RAMANA MURTHY, DIRECTOR (FINANCE) (DFN)	EXECUTIVE	WHOLE-TIME OFFICIAL	57	B.COM, ACA
iii) CMDE. P. JAYAPAL, (RETD.) DIRECTOR (OPERATIONS AND TECHNICAL) (DOT)	EXECUTIVE	WHOLE-TIME OFFICIAL	57	MASTER(FG), Charge Hydrographic Surveyor
iv) SHRI. RAKESH SRIVASTAVA	NON-EXECUTIVE	PART-TIME OFFICIAL	53	M.Sc.
v) SHRI. S.BALACHANDRAN	NON-EXECUTIVE	PART-TIME NON-OFFICIAL	66	M.Sc
vi) DR. S. NARASIMHA RAO	NON-EXECUTIVE	PART-TIME NON-OFFICIAL	71	M.E, PH.D
vii) SHRI VINAI KUMAR AGARWAL	NON-EXECUTIVE	PART-TIME NON-OFFICIAL	61	BE

ii Changes in Board of Directors during 2011-12:

Director	Date	Nature of Change
i) Shri S. Balachandran	16/04/11	Cessation
ii) Dr. Gautam Barua	16/04/11	Cessation
iii) Dr. Debashis Sanyal	16/04/11	Cessation
iv) Shri A. Soundararajan	16/04/11	Cessation
v) Shri P.Jayapal	18/04/11	Appointment
vi) Shri S. Balachandran	11/11/11	Appointment
vii) Shri Vinai Kumar Agarwal	11/11/11	Appointment
viii) Capt. D. K. Mohanty	30/11/11	Appointment
ix) Dr. A. R. Goyal	07/03/12	Cessation

iii Changes in Board of Directors from 1/4/12 till date of report:

Director	Date	Nature of Change
i) Shri M.C. Jauhari	21/06/12	Appointment
ii) Shri Rakesh Srivastava	21/06/12	Cessation

iv Brief profile of the Directors appointed from 1/4/11 till date of report.

Shri P.Jayapal:- He is a Master Mariner (Foreign going) and is a "Charge Hydrographic Surveyor" from the Indian Navy. Prior to joining this organization, he served in Indian Navy as Commodore in the Embarkation Head Quarters - Chennai. He has wide experience in Hydrographic and Ocean surveys and Harbour Management, Hydrographic Training, Dredging and Harbour Maintenance etc.

Shri S. Balachandran:- He is an expert in financial management, planning, capital budgeting, financial appraisal. He has 35 years of experience in Railways and on deputation outside in Corporate and other Government Sectors. He held various senior positions in Ministry of Railways including Railway Board Member. He was Managing Director, IRFC. He also held Directorship in Boards of three companies viz., Railtel Corporation, Pipavav Rail Corporation and Karnataka Rail Infrastructure Development Enterprise. He was also an independent Director on the Board of ONGC. He is presently independent director on the Boards of PTC Energy Ltd., PTC India Ltd., ONGC Petroadditions Ltd.

Shri Vinai Kumar Agarwal :- He is a Science Graduate and holds Bachelor Degree in Engineering (Civil) from IIT Roorkee. Sri Agarwal served in various capacities in Ministry of Railways. He also served M/s RITES Limited, he has extensive exposure in African countries where RITES operated as Chairman of Board of Directors of the two subsidiaries created in Mozambique and Tanzania with 51% share and rest 49% with the Governments of those two countries. These companies operated the rail network of these countries. He is also an independent Director in KIOCL Limited.

Capt. D. K. Mohanty:- He is a Master (FG) and has wide experience in shipping and port related sectors spanning over more than 30 years. Previously he worked as Director (Marine Services) in Ennore Port Ltd and Deputy Conservator in Paradip Port Trust.

Shri M.C. Jauhari:- He joined Ministry of Shipping as Joint Secretary (Shipping) in January, 2012. He has worked in the State Government of Assam in various capacities and also as Joint DG/Director in DGFT in Commerce & Industry Ministry, Govt. of India, New Delhi. He has worked as adviser in the Indian Mission to European Union. He has got experience in land revenue administration, labour & employment, town and country planning, science & technology, foreign trade, agriculture & co-operation, Personnel & General administration, Planning & Programme implementation etc., He is presently Govt. Director on the Boards of Shipping Corporation of India Ltd., and Cochin Shipyard Ltd.


v Attendance Record of Directors : 2011-12

Nine Board Meetings were held during the year 2011-12. Attendance of Directors at the meetings of Board of Directors during the financial year 2011-12 and the last Annual General Meeting held on 09.09.2011 is as follows:-

Name of the Director	No. of Board Meetings		Attended last AGM
	During tenure	Attended	
1. Capt.D.K.Mohanty, CMD (w.e.f 30/11/11)	4	4	N/A
2. Shri P.V.Ramana Murthy, DFN	9	9	Yes
3. Shri P. Jayapal, DOT (w.e.f. 18/04/11)	9	9	Yes
4. Shri Rakesh Srivastava	9	5	No
5. Dr. A.R. Goyal (upto 07/03/12)	8	8	Yes
6. Shri S. Balachandran (upto 16/4/11) (re-appointed w.e.f 11/11/11)	5	5	N/A
7. Dr.S.Narasimha Rao	9	9	Yes
8. Shri Vinai Kumar Agarwal (w.e.f 11/11/11)	5	5	N/A

vi Number of other Boards/Board Committees in which Directors are Members / Chairperson:

Director	No. of outside position held	
	Directorships	Committee
1. Capt.D.K.Mohanty, CMD (w.e.f 30/11/11)	1	-
2. Shri P.V.Ramana Murthy, DFN	-	-
3. Shri P. Jayapal, DOT (w.e.f. 18/04/11)	-	-
4. Shri Rakesh Srivastava	2	1
5. Dr. A.R. Goyal (upto 07/03/12)	4	2
6. Shri S. Balachandran (upto 16/4/11) (re-appointed w.e.f 11/11/11)	3	3
7. Dr.S.Narasimha Rao	2	-
8. Shri Vinai Kumar Agarwal (w.e.f 11/11/11)	1	-

vii Details of Board Meetings held during 2011-12:

Date	Place	No. of Directors present
1. 30/05/2011	Delhi	5
2. 20/07/2011	Delhi	5
3. 11/08/2011	Delhi	5
4. 29/09/2011	Delhi	5
5. 11/11/2011	Delhi	7
6. 08/12/2011	Delhi	7
7. 30/12/2011	Visakhapatnam	7
8. 14/02/2012	Delhi	7
9. 29/03/2012	Visakhapatnam	6

3 AUDIT COMMITTEE

i The Audit Committee is constituted by the Board of Directors. 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), Statutory Auditors and Internal Auditors. Further, Heads of Departments and senior executives attend the Audit Committee Meetings as and when required by Audit Committee.

ii The Constitution of the Audit Committee as on 31-03-2012 is as under :-

1. Dr.S.Narasimha Rao : Member, (Chairman upto 11/11/11)
2. Shri S. Balachandran : Chairman (w.e.f. 11/11/11)
3. Shri Vinai Kumar Agarwal : Member (w.e.f. 11/11/11)
4. Shri Rakesh Srivastava : Member (w.e.f. 30/5/11)
5. Shri P. Jayapal : Member (w.e.f 30/5/11 to 10/11/11)
6. Dr. A. R. Goyal : Member (upto 07/03/12)

iii Meetings of the Audit Committee and attendance during the year 2011-12:

Details of Audit Committee Meetings held during the year 2011-2012:

Sl.No.	Date	Place	No. of Members Present
1.	30/05/2011	Delhi	4
2.	20/07/2011	Delhi	4
3.	11/08/2011	Delhi	4
4.	11/11/2011	Delhi	5
5.	14/02/2012	Delhi	5
6.	29/03/2012	Visakhapatnam	4


Details of attendance in Audit Committee Meetings during 2011-12:

Sl.No.	Name of the Director	No. of Meetings	
		During tenure	Attended
1.	Shri S. Balachandran (w.e.f. 11/11/11)	3	3
2.	Dr.S.Narasimha Rao	6	6
3.	Shri Vinai Kumar Agarwal (w.e.f. 11/11/11)	3	3
4.	Shri P. Jayapal (w.e.f. 30/05/11 upto 10/11/11)	3	3
5.	Shri Rakesh Srivastava (w.e.f. 30/05/11)	6	4
6.	Dr.A.R.Goyal (upto 07/03/12)	5	5

4 REMUNERATION OF DIRECTORS

- 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.
- The Part-time Official (Government) Directors do not receive any remuneration from the Company.
- The Part-time Non-Official Directors were paid sitting fees @ ₹10,000/- for each Board meeting and ₹5,000/- for each Committee meeting. The sitting fees for Committee Meetings was increased to ₹10,000/- w.e.f 29/03/12.
- DCI does not have a policy of paying commission on profits to any of the Directors of the Company.
- Remuneration paid to whole time Directors and sitting fees payable to part-time non-official for Board/Committee meetings held during 2011-12 is as under :-

(₹ in lakhs)

Name of the Director	Salary	Performance Related Incentive	Sitting Fees	Total
Executive Directors (Whole-time)				
1. Capt.D.K. Mohanty, CMD (w.e.f. 30/11/11)	8.38	-	-	8.38
2. Shri P.V.Ramana Murthy, DFN	20.49	-	-	20.49
3. Shri P.Jayapal, DOT (from 18/04/11)	19.50	-	-	19.50
Non- Executive Directors (Part-time official/Independent)				
4. Dr. Debashis Sanyal	-	-	0.05	0.05
5. Shri A. Soundararajan	-	-	0.05	0.05
6. Shri S.Balachandran	-	-	1.55	1.55
7. Dr. S.Narasimha Rao	-	-	1.45	1.45
8. Shri Vinai Kumar Agarwal	-	-	0.80	0.80

Part-time official Directors are not paid any remuneration. 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.

vi. The Non-Executive Directors do not hold any shares in the Company.

vii. 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.

i. The constitution of the Shareholders/ Investors Grievance Committee as on 31/3/2012 is as under :-

- Dr.S.Narasimha Rao : Chairman
- Shri S.Balachandran : Member (w.e.f. 11/11/11)
- Shri P.V.Ramana Murthy : Member

The Committee held one meeting during the year in the month of March, 2012.

ii. K.Aswini Sreekanth, Company Secretary is designated as Compliance Officer.

iii. A total of 36 complaints were received during the year 2011-12, There is no pending complaint as on 31/03/12.

iv. Every effort was made to resolve the complaints to the satisfaction of the investors by the Company and R&T Agents.

SHARE TRANSFER COMMITTEE

The Company has a Share Transfer Committee constituted in the year 1997. 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 31-3-12 the company had 53,344 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 ANNUAL GENERAL MEETINGS

i. Details of last 3 Annual General Meetings:

	2008-09	2009-10	2010-11
	33rd AGM	34th AGM	35th AGM
1. Date	24-9-2009	08-9-2010	09-9-2011
2. Time	1000 hrs.	1600 hrs.	1100 hrs.
3. Venue	Siri Fort Auditorium, Delhi	Air Force Auditorium, Delhi	Siri Fort Auditorium, Delhi



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

7 DISCLOSURES

- 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 2011-12 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.
- ii. The Company has complied with all the Accounting Standards issued by ICAI.
- iii. 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.
- iv. 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.
- v. 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.
- vi. 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.
- vii 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 laying 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 2011-12.

Place:Visakhapatnam
 Date : 23/08/2012

-Sd-
 (Capt. D.K.Mohanty)
 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) 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.
- e) The Management Discussion and Analysis Report forms part of this Annual Report.
- f) 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.
- g) The CEO and CFO i.e., Chairman and Managing Director Capt. D. K. Mohanty and Director (Finance), Shri P. V. Ramana Murthy, have provided the prescribed certification as contained in Clause 49 (V) regarding the financial statements for the year 2011-12.
- h) 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.
- i) 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

The Company has constituted a Remuneration Committee of Directors for the purpose of deciding the annual bonus/ variable pay pool and policy for its distribution across the executives and non-unionised supervisors within limits prescribed by DPE. The constitution of the Committee as on 31/3/12 is as under:-

- a) Shri S. Balachandran
- b) Shri Rakesh Srivastava
- c) Shri Vinai Kumar Agarwal

The Remuneration Committee has not met during the year 2011-12.

DCI being a Government Company, the remuneration of Executive Directors who are Government appointees and their other remuneration is decided as per the Rules and regulations of the Government and DPE Guidelines.

iii) Shareholders Rights

The financial results are posted on the CFDS 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 vast 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

The Whistle Blower Policy as approved by the Board was adopted in the company and is posted on the website of the company.

8. Means of Communication:

i. Quarterly Results

The schedule of consideration of quarterly results by the Board for the year 2012-2013 is as under:

- a) Results for the 1st quarter ending 30th June, 2012 : 13-08-2012.
- b) Results for the 2nd quarter ending 30th Sept. 2012 : On or before 14-11-2012.
- c) Results for the 3rd quarter ending 31st Dec. 2012 : On or before 14-02-2013.
- d) Audited results for the year ending 31st Mar., 2013 : On or before 31-05-2013.

ii. The 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.

9. GENERAL SHAREHOLDERS INFORMATION :

- i. Annual General Meeting - : 28th September, 2012 at 1000 hrs. in Siri Fort Auditorium, August Kranti Marg, New Delhi - 110049
- ii. Financial Year : 1st April to 31st March next year.
- iii. Date of Book closure : 21/09/2012 to 28/09/2012 (both days inclusive)

iv. Listing on Stock Exchanges :

Name and address of the Exchange	Stock/ Scrip Code
a) National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	DREDGECORP
b) Delhi Stock Exchange Association Ltd. DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002	6398
c) Bombay Stock Exchange Limited, 25 th Floor, New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	523618
d) Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata - 700 001.	14050

Annual Listing fee for the financial year 2010-2011 has been paid to all the Stock Exchanges

- v ISIN No. for trading in demat form: INE 506A01018

DREDGING CORPORATION OF INDIA LIMITED



vi Market price data of the Company in comparison to BSE Sensex and NSE (S&P CNX NIFTY) during 2011-2012

Month	BSE Share Price(₹)		BSE SENSEXNSEX		Share Price (₹)		NSE (S&P CNX NIFTY)	
	High	Low	High	Low	High	Low	High	Low
April' 11	386.00	342.65	19811.14	18976.19	385.95	345.00	5944.45	5693.25
May' 11	359.50	319.60	19253.87	17786.13	360.00	317.00	5775.25	5328.70
June' 11	344.00	288.00	18873.39	17314.38	343.70	287.30	5657.90	5195.90
July' 11	314.95	272.75	19131.70	18131.86	317.90	280.10	5740.40	5453.95
August' 11	293.00	214.05	18440.07	15765.53	293.50	211.70	5551.90	4720.00
September' 11	288.35	235.10	17211.80	15801.01	291.60	237.25	5169.25	4758.85
October' 11	251.00	227.00	17908.13	15745.43	250.05	226.10	5399.70	4728.30
November' 11	245.00	210.00	17702.26	15478.69	245.70	210.10	5326.45	4639.10
December' 11	231.70	187.05	17003.71	15135.86	233.00	186.65	5099.25	4531.15
January' 12	310.80	215.00	17258.97	15358.02	311.00	214.40	5217.00	4588.05
February' 12	321.35	268.65	18523.78	17061.55	321.00	267.15	5629.95	5159.00
March'12	316.80	267.00	18040.69	16920.61	316.70	267.10	5499.40	5135.95

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

vii Registrar and share transfer agents:

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

viii 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.

ix Distribution of shareholding as on 31/03/2012:

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	-	-
b. Financial Institutions/Banks	1042149	3.72
c. Central / State Govt. (s)	-	-
d. Venture Capital Funds	-	-
e. Insurance Companies	1457791	5.21
f. Foreign Institutional Investors	660384	2.36
g. Foreign Venture Capital Investors	-	-
h. Any other	-	-
Sub - total B (1)	3160324	11.29
2 Non-Institutions		
a Bodies Corporate	513259	1.83
b Individuals		
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	2240039	8.00
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	20000	0.07
c Any Other (Specify)		
(i) Non-resident Indians	42109	0.16
(ii) Trusts	14114	0.05
(iii) Clearing Members	12455	0.04
Sub - total- B (2)	2841976	10.15
Total Public Shareholding B = B(1) + B (2)	6002300	21.44
GRAND TOTAL A+ B	28,000,000	100.00

x 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 ₹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 31.03.2012, of the 60,02,300 shares held by others, 59,97,777 are held in dematerialised form. In the year 2011-12, 38 shares have been dematerialized covering 2 demat requests. During the year, 266 shares were rematerialised and share certificates issued covering 6 requests for Rematerialisation of Shares.



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

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

xii Project Locations :

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

xiii. Address for investors correspondence :

Company

Company Secretary
Dredging Corporation of India Limited.
Company Secretary Department
"Dredge House", Port Area,
Visakhapatnam - 530035.
Phone: 0891- 2566537/ 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, Vittal 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 Committees 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 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 2011-12 for the purpose of reconciliation of total admitted capital with both the depositories and the total issued and listed capital of the Company. The Reconciliation of Share Capital Audit Report obtained from M/s P.N.Rao & Co., Company Secretaries, Visakhapatnam was submitted to the Delhi, Mumbai, Calcutta and National Stock Exchanges for all the quarters and was also placed before the Board for information.
- f. As per the Listing Agreement, financial results and shareholding pattern are filed on Corporate Filing and Dissemination System (CFDS) website maintained by National Informatics Centre (NIC). The Company Secretary as the Compliance Officer is responsible for filing the above information in the CFDS. The financial results are also filed in NEAPS.
- g. Subject to the provisions of the Act and to such directives and/ or instructions as the president may issue from time to time under these Articles, the business of the Company is managed by the Board of Directors who may exercise all such powers and do all such acts and things as the Company is authorised to exercise and do and who may, from time to time delegate such powers to the Chairman and/or Managing Directors as may be necessary for proper conduct of the business of the Company. Accordingly Board of Directors of the Company have delegated certain powers to the Chairman and Managing Director and also to the other functional Directors. The day to day business of the Company is run by the Management on the basis of these delegated powers. CMD has delegated certain of these powers further down the line to functional and project heads.
- h. Regarding Compliance of laws applicable to the Company, no specific instances or reports of non-compliance/ default in compliance of any law were received by the Company.

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, ("the Company") for the year ended 31st March 2012, as stipulated in Clause 49 of the listing agreement of the Company with Stock exchanges in India and as issued by DPE.

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 and DPE Guidelines except to the requirement with respect to composition of independent directors.

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.

**P.N.Rao & Co.,
Company Secretaries
-sd-**

Place : Visakhapatnam
Date : 23/08/2012

**(P. NARASINGA RAO)
Proprietor
CP. No. 2552**



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN DREDGING - OUTLOOK & POLICY GUIDELINES

1. India has an extensive coastline of approximately 7500 kilometers. There are 13 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 report of the Working Group for Ports Sector for 12th Plan, a total quantity of 675.25 MCM and 429.99 MCM had been planned for capital and maintenance dredging respectively for all the ports in the country. This quantity includes the dredging to be done for fishing harbours also besides the major and non major ports. Against this targeted plan, only 278.93 MCM and 291.63 CM had been achieved under the capital and maintenance dredging respectively. This constitutes 41.31% and 67.82% against the targeted quantity. The major ports achieved 31.97% of the targeted quantity, the non-major ports achievement was 49.55% in capital dredging work. In maintenance dredging work, the figures are 68.89% and 59.92% respectively. The shortfall in achieving the set target is due to many factors. Delay or failure to takeoff number of port development projects, financial and environmental constraints, the need to carry out engineering studies to assess the quantum of dredging and the type of dredging to be performed, poor response from bidders to undertake the work are some of the reasons attributable to the shortfall. Overall, the ports had done better in achieving the target in maintenance dredging. The non major ports had done better than the major ports in capital dredging work.
2. **Dredging requirement for 12th Plan period**

The capital dredging requirements for major ports during the 12th plan period stem from the various port projects planned by the major ports. Ports of Kolkata, Paradip, Visakhapatnam, Ennore, Chennai, Tuticorin, Mormugao, Jawaharlal Nehru and Kandla are planning to undertake the capital dredging of quantities more than 10 MCM. The capital dredging quantities in respect of other major ports are less than 10 MCM. The total quantity planned is 221.11 MCM of all the 12 major ports including the requirement for Navy. The projection for maintenance dredging at Major Ports is 404.25 MCM. In total the requirement is 625.36 MCM which is almost at the same level when (92.5%) compared with 676.34 MCM projected for the major ports during 11th Five Year plan. The non major ports have projected a total requirement of 543.61 MCM of which 418.03 MCM is for capital dredging and 128.58 MCM is for maintenance dredging. When compared with the projection of 368.59 MCM and 46.41 MCM respectively for capital and maintenance dredging during 11th Five year plan, there is an increase of nearly 31%. Capital dredging requirement of the State of Orissa, Andhra Pradesh and Gujarat constitute 57.8% of total capital dredging due to development of Gopalpur and Dhamra ports in Orissa, development of Machilipatnam, Krishnapatnam, Kakinada and Gangavaram ports in Andhra Pradesh, and development of Hazira port in Gujarat state.
3. The 12th plan dredging requirements, if achieved, will enable all the Major Ports (except Kolkata) and non-Major Ports to handle the vessels with 14 meters draft at the end of 12th plan period. In case transloading facilities installed at sandheads by Kolkata Port, then Kolkata Port can also handle 14 m draft vessels.
4. The Ministry during the year formulated the Maritime Agenda 2020 which is the perspective plan of the Ministry for this decade. It identifies the priority areas for Government intervention and is a road map for creation and upgradation of infrastructure in the Ports and also for augmentation of Indian tonnage in the shipping sector. The document says that Shipping lines have been representing time and again that port charges at Indian Ports are very high as compared to other comparable International Ports. As a matter of fact, vessel related charges are perhaps higher than some of the International Ports whereas cargo related charges are much lower in some Indian Ports in comparison to ports abroad. The document says that if Vessel related charges alone are taken, the reasons for higher charges are mainly two: (1) higher cost of dredging in certain ports, requiring perennial dredging and (2) lack of subsidy on the part of Government. In many parts of the world, some part of dredging (at least Capital) is funded by Provincial Governments or Federal Governments. If the same approach is adopted by Central Government or State Governments, the vessel related charges also could be brought to the reasonable levels. The document says that Major Ports in India have drawn up some ambitious expansion plans during the next decade including several dredging major dredging projects by some ports, thereby intending to create substantial additional capacity. The dredging projects are mainly for deepening of channels, enhancing the available draft at berths or for construction of more berths.
5. The existing dredging policy guidelines issued by Ministry of Shipping 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.
6. With the entry of global players either directly or through their Indian arms competing to get the contracts at competitive rates has constrained DCI to quote competitively. 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.

7. CORPORATE PERFORMANCE

	2011-12	(₹ Lakhs) 2010-11
Income from Operations	49166	50714
Other income	1292	1558
Total turnover	50458	52272
Profit before interest, depreciation and tax	10551	11519
Interest	0	0
Depreciation	8795	7032
Profit Before Tax	1756	4487
Provision for Current Tax	425	525
Provision for F.B.T	0	0
Provision for Wealth Tax	10	10
Excess provision of Corporate tax written back	0	0
Profit after Tax	1318	3951
Proposed/Declared Dividend	Nil	Nil
Earnings Per Share (₹)	4.71	14.11
Book Value per share (₹)	493.47	488.77

The capacity utilisation during the year is 90% of the available capacity.

8. OPPORTUNITIES AND THREATS

The Company perceives the following opportunities -

- I Upcoming capital dredging projects at various Ports in India.
- II Upcoming private ports.
- III Increased maintenance dredging requirements consequent to new capital dredging works.
- IV Growing International Trade volumes - opportunities abroad.

The Company perceives the following threats

- i Increasing foreign competition.
- ii Increasing competition from Indian dredging companies.
- iii Frequent and expensive repairs to dredgers due to ageing.
- iv Inadequate dredging capacity.
- v 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

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 with stringent performance parameters the expansion of Indian port capacity and increasing participation of international companies in the Indian dredging market. Other developments include:

- i Deeper draught requirements of Indian Ports.
- ii Tourism development and increasing need for beach nourishment.
- iii Land reclamation for low lying areas.

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. However, some capital dredging projects are also in the offing. DCI has already secured the Ennore Capital dredging project on tender basis.

**10. RISKS AND CONCERNS**

The new dredgers that are being procured are at high cost whereas, the emerging market scenario of dredging activity is towards quoting at competitive rates thus indicating lower rate of returns.

11. 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:

- i Consolidation of share in maintenance dredging in India
- ii More participation in capital dredging - acquiring necessary skills, training company personnel, acquiring/chartering dredgers.
- iii Acquisition of dredgers with fuel efficient design and advanced technology, fitted with sophisticated and state-of-the-art technology.
- iv Three 5,500 cu m capacity trailer suction hopper dredgers, order for which has been placed.
- v Reducing operational costs - Focusing on fuel efficiency in ship operations, streamlining spare parts procurement systems.
- vi Close monitoring of repairs.

12. PLAN PROJECTIONS

The following are the Plan projections for the 12th Plan:-

- i Two Nos. New TSHDs of 9000 Cu.M
In line with DCI's strategy to augment its available capacity, it is proposed to acquire 2 Nos New TSHDs of 9000 Cu.M capacity at an estimated cost of ₹1300 Cr. Placement of Order for one dredger will be in the mid of the 12th Five year Plan and order for the second Dredger will be placed in the final year of the 12th Five year Plan.
- ii Two Nos. Self-Propelled Barges:-
It is proposed to procure two hopper barges at an estimated cost of about ₹90 Cr. for transport of materials dredged by Back-Hoe Dredger.
- iii Retrofit of Dredgers:
In order to optimise and enhance the productive life and upkeep of the dredgers, it is proposed to take midlife retrofit of three existing dredgers at an estimated cost of about ₹300Cr.
- iv. Procurement of Multi Cat and 50 Ton BP Tug at an estimated cost of about ₹60 Cr.

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. The Company has constituted an Audit Committee and significant audit observations and follow up action thereon are reported to the Audit Committee. The proceedings of the Audit Committee meetings and also other Sub-Committee meeting of Directors are submitted to the Board.

14. INDUSTRIAL RELATIONS

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

15. CORPORATE SOCIAL RESPONSIBILITY

The Board of Directors of the Company have formulated the Corporate Social Responsibility Policy for the Company and also constituted a Sub-Committee of Directors for implementation of the same.

16. 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.

**AUDITORS' REPORT**

To
The Members,

DREDGING CORPORATION OF INDIA LIMITED, VISAKHAPATNAM

1. We have audited the attached Balance Sheet of DREDGING CORPORATION OF INDIA LIMITED, VISAKHAPATNAM as at 31st March, 2012 and also the Statement of Profit and Loss 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 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 of our opinion.
3. As required by the Companies (Auditor's Report), 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. 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, the Company has kept proper books of account as required by law so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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) 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 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, 2012;
 - (b) in the case of the Statement of Profit and Loss, 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 G.R.Kumar & Co.
Chartered Accountants
Firm Reg No. 004941S
-sd-

(CA P.VIKAM)
Partner
Membership No. 216542

Place : New Delhi
Date : 28/05/2012

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; except in case of Stock of stores/ spares-in-transit.
 - (b) In respect of procedure of physical verification of stock of spares/spares-in-transit followed by the management, the same needs substantial improvement, which should commensurate with the size of the Company and the nature of its business.
 - (c) Except in case of stock of spares/spares-in-ransit, the Company has maintained proper records of inventory; and 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.
 - (b) 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.



- (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.
- (v) 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, although the Company has an internal audit system commensurate with its size and nature of its business; yet the same needs to be transformed into risk-based audit and focus on internal controls, risk assessment etc.
- (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, 2012 for the 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 they have not 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 availed External Commercial Borrowings (ECB), Term Loans during the year for acquisition of Dredgers and the term loan is utilised for the purpose for which it was obtained.
- (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.

For G.R.Kumar & Co.
Chartered Accountants
Firm Reg No. 004941S
-sd-

(CA P.VIKAM)
Partner
Membership No. 216542

Place : New Delhi
Date : 28/05/2012



**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, 2012.**

The preparation of financial statements of Dredging Corporation of India Limited, Visakhapatnam for the year ended 31ST March 2012 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 28th May, 2012.

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 2012. This supplementary audit has been carried out independently without access to the working papers of Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619 (4) of the Companies Act, 1956.

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

-sd-

(Y.N THAKARE)

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

Place : HYDERABAD

Dated : 7-6-12



BALANCE SHEET AS AT 31st MARCH, 2012

(₹ in Lakh)

	Note No.	As at 31-3-2012	As at 31-3-2011
I. EQUITY AND LIABILITIES			
1. SHARE HOLDERS' FUNDS			
(a) Share Capital	I	2800.00	2800.00
(b) Reserves and Surplus	II	135373.00	134054.90
(c) Money received against share warrants		0.00	0.00
2. SHARE APPLICATION MONEY PENDING ALLOTMENT			
		0.00	0.00
3. NON-CURRENT LIABILITIES			
(a) Long-term borrowings	III	25995.31	0.00
(b) Deferred tax liabilities (Net)		0.00	0.00
(c) Other long term liabilities		120.03	156.32
(d) Long-term provisions		516.40	576.76
4. CURRENT LIABILITIES			
(a) Short-term borrowings	IV	94.72	120.10
(b) Trade payables		3080.13	8466.19
(c) Other current liabilities		19880.16	18329.75
(d) Short-term provisions		521.30	146.35
TOTAL		188381.05	164650.37
II. ASSETS			
1. NON-CURRENT ASSETS			
(a) Fixed Assets	V		
(i) Tangible Assets		53320.62	48727.13
(ii) Intangible Assets		0.00	0.00
(iii) Capital work- in- progress		4841.30	20.13
(iv) Intangible Assest under development		0.00	0.00
(b) Non-current investments	VI	3000.01	3000.01
(c) Deferred tax assets (net)	VII	0.00	0.00
(d) Long-term loans and advances	VIII	46770.50	18308.27
(e) Other non-current assets	IX	0.00	0.00
2. CURRENT ASSETS			
(a) Current investments	X	0.00	0.00
(b) Inventories		9766.17	9186.71
(c) Trade Receivables		38930.50	38238.40
(d) Cash and cash equivalents		7831.55	23527.39
(e) Short-term loans and advances		1360.21	6225.35
(f) Other current assets		22560.19	17416.98
TOTAL		188381.05	164650.37
Notes on Financial Statements	XVI		
Accounting Policies	XVII		

For and on behalf of Board of Directors

-sd-
(CAPT. D.K.MOHANTY)
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 G.R.Kumar & Co.
Chartered Accountants
Firm Regn No. 004941S
-sd-
(P.VIKRAM)
Partner
Membership No. 216542

PLACE : NEW DELHI
DATED : 28-05-2012



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

	Note No.	YEAR ENDED 31-3-2012	YEAR ENDED 31-3-2011
I. Revenue from operations	XI	49165.82	50714.15
II. Other income	XII	1292.47	1558.33
III. Total Revenue (I + II)		<u>50458.29</u>	<u>52272.48</u>
IV. Expenses:			
Cost of materials consumed		0.00	0.00
Purchase of Stock-in-Trade		0.00	0.00
Changes in inventories of finished goods, work-in-progress and Stock-in-trade		0.00	0.00
Employe benefit expense	XIII	9286.34	6673.10
Finance costs		0.00	0.00
Depreciation and amortization expense	V	8795.22	7032.14
Repairs and Maintenance (Vessels)		6391.67	2345.39
Fuel and Lubricants		16053.03	19948.29
Spares and stores		4372.35	4160.60
Insurance		1100.66	1086.67
Other expenses	XIII	2702.92	6539.33
Total Expenses		<u>48702.19</u>	<u>47785.52</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		1756.10	4486.96
VI. Exceptional items		0.00	0.00
VII. Profit before extraordinary items and tax (V - VI)		1756.10	4486.96
VIII. Extraordinary items		0.00	0.00
IX. Profit before tax (VII - VIII)		1756.10	4486.96
X. Tax expense	XIV		
(1) Current tax		438.00	539.49
(2) Deferred tax		0.00	0.00
XI. Profit/(Loss) for the period from continuing operations (VII - VIII)		1318.10	3951.47
XII. Profit/(Loss) from discontinuing operations		0.00	0.00
XIII. Tax expense of discontinuing operations		0.00	0.00
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		0.00	0.00
XV. Profit/(Loss) for the period (XI + XIV)		<u>1318.10</u>	<u>3951.47</u>
XVI. Earnings per equity share :	XV		
(1) Basic (in ₹)		4.71	14.11
(2) Diluted (in ₹)		4.71	14.11
Notes on financial statement	XVI		
Accounting Policies	XVII		

For and on behalf of Board of Directors

**As per our Report of even date
For G.R.Kumar & Co.
Chartered Accountants
Firm Regn No. 004941S
-sd-
(P.VIKRAM)
Partner
Membership No. 216542**

-sd-
(CAPT. D.K.MOHANTY)
Chairman and Managing Director

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

-sd-
(K.ASWINI SREEKANTH)
Company Secretary

**PLACE : NEW DELHI
DATED : 28-05-2012**

DREDGING CORPORATION OF INDIA LIMITED



(₹ in Lakh)

	As at 31-3-2012	As at 31-3-2011
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Note- I SHARE CAPITAL

AUTHORISED:		
3,00,00,000 Equity Shares of ₹10/- each	3000.00	3000.00
ISSUED, SUBSCRIBED AND PAID-UP:		
For Cash - 1400 Equity Shares of ₹10/- each fully paid	0.14	0.14
For consideration other than cash - 2,79,98,600 Equity Shares of ₹10/- each allotted as fully paid	<u>2799.86</u>	<u>2799.86</u>
	2800.00	2800.00

i) Reconciliation of the number of shares outstanding at the beginning and end of the reporting period

Particulars	As at 31st March 2012		As at 31st March 2011	
	No.	₹ in lakh	No.	₹ in lakh
Outstanding at the beginning of the year	28000000	2800.00	28000000	2800.00
Issued during the year	0	0.00	0	0.00
Outstanding at the end of the year	28000000	2800.00	28000000	2800.00

ii) Details of shareholders holding more than 5% shareholding in the Company are as under

Name of the Shareholder	As at 31st March 2012		As at 31st March 2011	
	No.	₹ in lakh	No.	₹ in lakh
President of India (78.56%)	21997700	2197.70	21997700	2197.70

iii) Shares issued for consideration other than cash for past five years

As at	As at	As at	As at	As at
2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh	₹ in lakh
2799.86	2799.86	2799.86	2799.86	2799.86

NOTE- II RESERVES AND SURPLUS As at 31-03-2012 As at 31-03-2011

CAPITAL RESERVE:(*)		451.83		451.83
As per last Balance Sheet				
GENERAL RESERVE:				
As per last Balance Sheet	42904.00		42504.00	
Add : Transfer during the year	0.00	42904.00	400.00	42904.00
RESERVE U/S 33AC OF THE INCOME TAX ACT 1961				
As per last Balance Sheet	18000.00		32700.00	
Less : Transfer to Reserve U/s 33 AC Utilisation Account	18000.00	0.00	14700.00	18000.00
RESERVE U/S 33AC UTILISATION ACCOUNT				
As per last Balance Sheet	0.00		0.00	
Add : Transfer from Reserve U/s 33AC	18000.00		14700.00	
Less : Transfer to Profit & Loss Account during the year	18000.00	0.00	14700.00	0.00
TONNAGE TAX RESERVE U/S 115 VT OF IT ACT				
As per last Balance Sheet	17550.00		15550.00	
Add : Transfer during the year	500.00		2000.00	
Less: : Transfer to Reserve u/s 115 Utilisation Account	17550.00	500.00	0.00	17550.00
RESERVE U/S 115 VT UTILISATION ACCOUNT				
As per last Balance Sheet	0.00		0.00	
Add : Transfer during the year	17550.00	17550.00	0.00	0.00
PROFIT AND LOSS ACCOUNT				
PROFIT AFTER TAX	1318.10		3951.47	
Deduct : Transfer to Tonnage Tax Reserve U/S 115VT of IT Act	500.00		2000.00	
Deduct : Transfer to General Reserve	0.00		400.00	
Add : Balance brought forward from previous year	55149.07		38897.60	
Add : Transfer from Reserve U/s 33AC	0.00		0.00	
Add : Transfer from 33AC Utilisation A/c	18000.00	73967.17	14700.00	55149.07
		<u>135373.00</u>		<u>134054.90</u>

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

DREDGING CORPORATION OF INDIA LIMITED



(₹ in Lakh)

	As at 31-3-2012	As at 31-3-2011
NOTE- III	NON CURRENT LIABILITIES	
LONG TERM BORROWINGS		
From Banks	25995.31	0.00
Secured by charge on TSHD DCI DR XIX Loan is payable in 20 equal half yearly installments commencing from six months after delivery of the dredger		
	<u>25995.31</u>	<u>0.00</u>
Deferred Tax Liabilities (Net)	0.00	0.00
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.		
	<u>0.00</u>	<u>0.00</u>
Other long term Liabilities		
Trade payables	0.00	0.00
Others	120.03	156.32
	<u>120.03</u>	<u>156.32</u>
Long-term provisions		
a) Provision for employee benefits	516.40	536.65
b) Others	0.00	40.11
	<u>516.40</u>	<u>576.76</u>
NOTE- IV	CURRENT LIABILITIES	
Short term borrowings		
i) Deposits from contractors	53.14	70.58
ii) Advances from customers	41.58	49.52
	<u>94.72</u>	<u>120.10</u>
Trade payables *	3080.13	8466.19
	<u>3080.13</u>	<u>8466.19</u>
* include : Amounts due to the Micro, Small and Medium Enterprises based on available information to whom a sum exceeding Rupees one lakh is outstanding		
a) for more than 30 days as per agreed terms	Nil	
b) amounts due to other than (a) above	Nil	
Other Current Liabilities		
Interest accrued but not due on borrowings	137.48	0.00
Interest accrued and due on borrowings	0.00	0.00
Un-claimed dividend	9.67	12.60
Other payables	19733.01	18317.15
	<u>19880.16</u>	<u>18329.75</u>
Short-term provisions		
i) Employee benefits	521.30	146.35
ii) Others	0.00	0.00
	<u>521.30</u>	<u>146.35</u>

DREDGING CORPORATION OF INDIA LIMITED



NOTE- V

(₹ in Lakh)

DESCRIPTION	FIXED ASSETS								NET BLOCK	
	GROSS BLOCK				DEPRECIATION				As on	As on
	As on 31-3-11	Additions in the year	Deductions/ Adjustments	As on 31-3-12	Upto 31-3-11	During the year	Deductions/ Adjustments	Upto 31-3-12	31-3-12	31-3-11
TANGIBLE ASSETS										
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	346.27	0.00	0.00	346.27	282.66	1.47	0.00	284.13	62.14	63.61
3 PLANT & MACHINERY										
a) DREDGERS	114868.32	13203.82	0.00	128072.14	70311.26	7646.14	0.00	77957.40	50114.74	44557.06
b) ANCILLARY CRAFTS	3429.53	111.43	0.00	3540.96	1061.34	286.98	0.00	1348.32	2192.64	2368.19
c) PIPELINE, BALL & SOCKETS JOINTS ETC.	6652.63	0.00	0.00	6652.63	5301.54	808.50	0.00	6110.04	542.59	1351.09
d) OTHER OPERATIONAL ASSETS	286.94	0.00	0.00	286.94	212.05	7.49	0.00	219.54	67.40	74.89
4 FURNITURE, FIXTURES AND OFFICE EQUIPMENT										
a) FURNITURE, FITTINGS, EQUIPMENTS ETC	465.63	10.36	2.82	473.17	239.82	25.18	2.00	263.00	210.17	225.81
5 MOTOR VEHICLES	15.59	29.03	15.59	29.03	10.11	1.73	11.31	0.53	28.50	5.48
6 COMPUTERS	518.38	30.36	21.01	527.73	473.36	17.73	29.82	*461.27	66.46	45.02
7 TEMP. STRUCTURES FIXTURES/ERECTIONS	119.08	0.00	0.00	119.08	119.08	0.00	0.00	119.08	0.00	0.00
TOTAL	126738.35	13385.00	39.42	140083.93	78011.22	8795.22	43.13	86763.31	53320.62	48727.13
INTANGIBLE ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTAL	126738.35	13385.00	39.42	140083.93	78011.22	8795.22	43.13	86763.31	53320.62	48727.13
PREVIOUS YEAR TOTAL	99457.92	27309.92	29.49	126738.35	71011.72	7032.14	32.64	78011.22	48727.13	28446.20

* includes ₹ NIL lakh (previous year ₹8.79 lakh) provided for impairment loss

(a) Buildings include ₹3.37 lakh (previous year ₹3.37 lakh) being the cost of two residential flats at Mumbai which are yet to be registered in the name of the Company.

(₹ in Lakh)

	As at 31-3-2012	As at 31-3-2011
CAPITAL WORK IN PROGRESS		
Work in progress -		
- Back-hoe dredger	0.00	11.57*
- DCI DR XIX	4841.30	0.00
- Others	0.00	8.56
	4841.30	20.13
INTANGIBLE ASSETS UNDER DEVELOPMENT		
Intangible assets under development	0.00	0.00
	0.00	0.00

* Commissioned on 22/11/2011.

NOTE VI

NON CURRENT INVESTMENTS

Investment in Equity Instruments		
At Cost - Non- Trade (Unquoted)		
a) 5 Equity Shares of ₹50/- each fully paid - up in Mittal Chambers Premises Co-operative Society Ltd., Bombay (previous year -5 shares)	0.01	0.01
b) Sethusamudram Corporation Limited 300 lakh Equity shares of ₹10 each fully paid (Previous year 300 lakh Equity shares)	3000.00	3000.00
	3000.01	3000.01

Sethusamudram Corporation Ltd.(SCL), a Special Purpose Vehicle was incorporated on 06.1.2004 for developing the Sethusamudram Chaneel Project with Tuticorin Port Trust, Ennore Port Ltd., Visakhapatnam Port Trust, Chennai Port Trust, Dredging Corporation of India Ltd., Shipping Corporation of India Ltd., and Paradip Port Trust as the shareholders. DCI invested in Equity share capital ₹3000 lakh (previous year ₹3000 lakh). The dredging work at Palk Strait was suspended from 16-07-2009. The Management does not consider any diminution in the value of the investment and the same has been carried at cost.

DREDGING CORPORATION OF INDIA LIMITED



(₹ in Lakh)

	As at 31-3-2012		As at 31-3-2011	
NOTE VII	DEFERRED TAX ASSETS			
Deferred tax asset	0.00		0.00	
	<u>0.00</u>		<u>0.00</u>	
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.				
NOTE VIII	LONG TERM LOANS AND ADVANCES			
Capital advances	45248.98		17084.94	
Security deposits	1089.68		786.54	
Other loans and advances	431.84		436.79	
	<u>46770.50</u>		<u>18308.27</u>	
NOTE IX	OTHER NON CURRENT ASSETS			
Long term trade receivables	0.00		0.00	
	<u>0.00</u>		<u>0.00</u>	
NOTE X	CURRENT INVESTMENTS			
Current Investments	0.00		0.00	
	<u>0.00</u>		<u>0.00</u>	
	INVENTORIES			
a) Stock of spares and stores (Valued at cost and as certified by the Management)	8566.72		8601.83	
LESS: Provision for unserviceable Spares & Stores	368.99	8197.73	166.31	8435.52
b) Spares and stores in transit		<u>1568.44</u>		<u>751.19</u>
		<u>9766.17</u>		<u>9186.71</u>
	TRADE RECEIVABLES (UNSECURED)			
a) Debts outstanding for a period exceeding 6 months	41460.14		31494.42	
b) Other Debts	5033.08		17474.72	
	<u>46493.22</u>		<u>48969.14</u>	
LESS: Considered doubtful and provided for Debts considered good	7562.72	38930.50	10730.74	38238.40
		<u>38930.50</u>		<u>38238.40</u>
a) Trade receivables include Service Tax and education cess thereon amounting to ₹5674 lakhs. The provision for bad debts is on net dredging charges (₹40819 lakh but not on entire Trade Receivables)				
b) The Company vide its Letter No. DCI/Legal/SSCP/Arbitration/2012 dt. 06-06-2012 requested Ministry of Shipping (GOI), to appoint a sole Arbitrator under Clause 22 of the contract for realisation of its outstanding dues payable by Sethusamudram Corporation Ltd.				
	CASH AND CASH EQUIVALENTS			
a) Balance with Banks	517.69		4131.62	
b) Cheques on Hand	406.23		6.56	
c) Cash on Hand	97.96		395.61	
d) Others				
- Fixed Deposits	6800.00		18981.00	
e) Earmarked balances with Banks	9.67	7831.55	12.60	23527.39
		<u>7831.55</u>		<u>23527.39</u>
	SHORT TERM LOANS AND ADVANCES			
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED				
a) Secured - considered good	23.89		34.43	
b) Unsecured*	1336.32	1360.21	6190.92	6225.35
		<u>1360.21</u>		<u>6225.35</u>
* Include four advances to -				
	As at 31/3/12	Max Amt. during the year	As at 31/3/11	Max Amt. during the year
Chairman and Managing Director	1.81	1.81	0.00	0.00
Director(Finance)	0.00	2.98	0.00	0.10
Director(Operations & Technical)	1.30	1.30	0.00	0.40

DREDGING CORPORATION OF INDIA LIMITED



(₹ in Lakh)

	As at 31-3-2012	As at 31-3-2011
OTHER CURRENT ASSETS		
a) Interest accrued on Deposits and Advances	355.95	1143.60
b) Unbilled Operational Income	<u>11216.72</u>	<u>7942.92</u>
c) Income Tax Paid & Tax deducted at Source	<u>8113.52</u>	<u>6479.43</u>
Less : Provision fo Income Tax	<u>3543.18</u>	<u>3115.67</u>
	4570.34	3363.76
DEPOSITS :		
a) Customs, Post & Telegraphs	0.00	0.00
b) Others	894.59	324.60
PREPAID EXPENSES:		
	407.08	247.66
CLAIMS & OTHER RECOVERABLES		
	5127.34	4406.27
LESS: Provision for doubtful claims	<u>11.83</u>	<u>11.83</u>
	<u>22560.19</u>	<u>17416.98</u>
NOTE XI REVENUE FROM OPERATIONS		
a) Core Dredging Services	46827.32	45787.30
b) Other Operating Revenue	2338.50	4928.51
Less : Rebates / Discounts	0.00	1.66
	<u>49165.82</u>	<u>50714.15</u>
NOTE XII OTHER INCOME		
Interest earned on		
a) Fixed Deposits	1269.66	1229.00
b) House Building and other Advances	19.18	18.01
c) tax refunds	3.63	311.32
	<u>1292.47</u>	<u>1558.33</u>
NOTE XIII EXPENSES		
1 Employee benefits expense		
i) Pay and benefits to operational staff	5468.69	4109.66
ii) Contribution to Provident and other funds	88.10	82.47
iii) Pay and benefits to shore employees	3421.53	2270.14
iv) Contribution to Provident and other funds	259.65	154.99
iv) Remuneration to Directors:		
a) Chairman and Managing Director	8.38	22.81
b) Director (Finance)	20.49	22.52
c) Director (Operations & Technical)	19.50	10.51
	<u>9286.34</u>	<u>6673.10</u>
2. Other expenses		
A) Other Operational Expenses		
i) Lodging expenses : Floating Staff	97.00	94.76
ii) Travelling, Portorage & Conveyance - Floating staff	67.91	82.43
iii) Equipment Transportation expenses	77.61	17.17
iv) Direct Works expenses:		
a) Boat/ Tug Hire Charges	246.64	240.56
b) Crane Hire charges	13.92	2.71
c) Pipeline laying/maintenance expenses	102.50	39.20
d) Payments to contractors	278.26	91.19
e) Others	172.25	269.57
v) Miscellaneous Expenses:	308.49	356.78
B) Rent	99.96	40.32
C) Rates and Taxes	9.04	8.94
D) Other Establishment Expenses		
i) Donations	1.36	0.05
ii) Travelling Expenses	341.38	402.00
iii) Bank charges and Guarentee fee	84.11	83.73
iv) Printing & stationery	28.51	19.82
v) Postage, Telegrams, Phones & Telex	37.82	37.93
vi) Repairs and maintenance of building	114.42	108.52
vii) Expenditure on data processing	10.78	3.45
viii) Advertisement & Publicity (including NIT)	19.52	15.94
ix) Dailies & Periodicals and cost of Library	21.60	8.29

DREDGING CORPORATION OF INDIA LIMITED



(₹ in Lakh)

	As at 31-3-2012		As at 31-3-2011	
NOTE XIII	EXPENSES ... contd..			
x) Remuneration to Auditors::				
a) As Auditors	2.50		2.50	
b) Tax Audit Fees	0.40		0.40	
c) For other services	2.05		2.50	
xi) Legal Advisor Fee & Expenses	28.74		9.60	
xii) Electricity, water charges	44.03		49.07	
xiii) Expenses on seminars	13.99		32.12	
xiv) Expenditure on Corporate Social Responsibility	25.00		140.00	
xv) Others	184.47		143.81	
E) Provisions				
i) For doubtful debts	0.00		4235.97	
ii) For unserviceable spares and stores	202.67		0.00	
F) Prior Period adjustments				
debits	473.43	0.00		
credits	407.44	0.00		
Net	65.99		0.00	
Total Other Expenses	<u>2702.92</u>		<u>6539.33</u>	
NOTE XIV	TAX EXPENSE			
1) For Current Tax				
a) Income Tax	425.00		525.00	
b) Wealth Tax	13.00	438.00	10.49	535.49
2) Deferred Tax		0.00		0.00
		<u>438.00</u>		<u>535.49</u>
NOTE XV	EARNING PER SHARE			
1) Basic/ Diluted		4.71		14.11
a) Earnings per share				
i) Profit after Tax (₹ in lakh)	1318.10		3951.47	
ii) Weighted average number of Equity Shares (Nos.) Face value ₹10/- per share	28000000		28000000	
iii) Basic Earnings per share (in ₹)	4.71		14.11	
NOTE XVI	ADDITIONAL INFORMATION ON ACCOUNTS			
1. CONTINGENT LIABILITIES:				
a. Letters of Credit	55.49		145.31	
b. Claims made against the Company not acknowledged as debts	5300.15		4272.50	
c. Estimated amount of contracts remaining to be executed on capital account and not provided for	107377.19		136854.18	
d. Income Tax Demands received but disputed by the Company	1577.10		1098.12	
2. EARNINGS IN FOREIGN EXCHANGE				
Earnings in foreign exchange	0.00		0.00	
	<u>0.00</u>		<u>0.00</u>	
3. VALUE OF IMPORTS				
a) Components and spare parts (CIF Value)	3686.01		3665.93	
b) Value of imported spares and components consumed	3502.63		3315.80	
c) Value of indigenous spares and components consumed	252.35		340.53	
d) Percentage of imported spares & components consumed to total spares & components consumed	93.28		90.69	
e) Percentage of indigenous spares & components consumed to total spares & components consumed	6.72		9.31	
4. EXPENDITURE IN FOREIGN CURRENCY				
a) Travelling	8.31		10.25	
b) Chartering charges	0.00		48.25	
5. GENERAL				
a) Letters seeking confirmation of balances have been sent to Customers and replies from the Customers are awaited and as such could not be reconciled.				
b) The CEGAT issued orders during the year 2001-02 setting aside the earlier orders of the Customs Department levying duty of ₹1132.81 lakhs on the accessories and spares of Dr-Aquarius. The Department while accepting CEGAT order sanctioned the refund of ₹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, Kolkata 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) The Company has suspended the works at Sethusamudram Project w.e.f 16-07-2009. The Company incurred an expenditure of ₹ 92823 lakh in execution of Sethusamudram Project and in consideration received ₹59270 lakh. The Company approached the Ministry for revision of price on the cost plus basis and the same is pending with the Ministry of Shipping (MoS).
- e) Income Tax appeals are pending for the Assessment years 2006-07 to 2008-09 before the Income Tax Authorities. The disputed tax paid under protest is ₹1577 lakhs as per the orders of Assessing Authority.
- f) Disclosure requirements under AS 15 on Employee benefits are given hereunder.

Defined Contribution Plan

	(₹ in lakhs)
Contribution to Defined Contribution Plan, recognized as expense for the year, is under:	
	2011-12 2010-11
Employer's Contribution to Provident Fund (inclusive of Contribution to Pension Fund)	348 237

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 ₹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 ₹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 ₹14.54 lakh (inclusive of member's contribution)

	(₹ in Lakh)		
	Gratuity (Funded)	Leave Encashment (un funded)	
		Floating Staff	Shore Staff
I. Assumptions			
Mortality			
Interest/ Discount Rate	8.57%	8.57%	8.57%
Rate of increase in Compensation	4.00%	4.00%	4.00%
Rate of return (expected) on plan assets	8%	—	—
Employee Attrition Rate (Past Service (PS))	PS:0 to 42:5%	PS:0 to 42:5%	PS:0 to 42:5%
Expected average remaining service (years)	6.74 %	1.84 %	5.64 %
II. Changes in present value of obligations			
PVO at beginning of period	1584	10	673
Interest Cost	111	—	49
Current Service Cost	103	10	94
Past Service Cost (non vested benefits)	—	—	—
Past Service Cost (vested benefits)	—	—	—
Benefits paid	(432)	(33)	(157)
Actuarial (gain)/loss on obligation	93	20	28
PVO at end of the period	1460	7	686
III. Changes in fair value of plan assets			
Fair Value of Plan Assets at beginning of period	1180	—	—
Adjustment to opening balance	406	—	—
Expected return on Plan Assets	124	—	—
Contributions	377	33	158
Benefits paid	(432)	(33)	(158)
Actuarial gain/(loss) on plan assets	35	—	—
Fair Value of Plan Assets at the end of period	1622	—	—
IV. Fair value of plan assets			
Fair Value of Plan Assets at beginning of period	1180	—	—
Adjustments to opening balance	406	—	—
Actual return on Plan Assets	89	—	—
Contributions	377	33	158
Benefits paid	(432)	(33)	(158)
Fair Value of Plan Assets at end of period	1622	—	—
Funded Status (including unrecognised past service cost)	163	(7)	(686)
Excess of actual over estimated return on Plan Assets	(35)	—	—
V. Experience History			
Gain/loss on obligation due to change in Assumption	(20)	3	9
Experience (Gain) / Loss on obligation	112	17	37
Actuarial(Gain) / Loss on Plan Assets	(35)	—	—



(₹ in Lakh)

	Gratuity (Funded)	Leave Encashment (un funded)	
		Floating Staff	Shore Staff
VI. Actuarial Gain/(Loss) Recognized			
Actuarial Gain/(Loss) for the period (Obligation)	(93)	(20)	(28)
Actuarial Gain/(Loss) for the period (Plan Assets)	(35)	—	—
Total Gain/(Loss) for the period	(128)	(20)	(28)
Actuarial Gain/(Loss) recognized for the period	(128)	(20)	(28)
Unrecognized Actuarial Gain/(Loss) at end of period	—	—	—
VII. Past Service Cost Recognized			
Past Service Cost (Non vested benefits)	0.00	0.00	0.00
Past Service Cost (vested benefits)	0.00	0.00	0.00
Average remaining future service till vesting the benefits	0.00	0.00	0.00
Recognised Past Service Cost - Non vested benefits	0.00	0.00	0.00
Recognised Past Service Cost - vested benefits	0.00	0.00	0.00
Unrecognised Past Service Cost - Non vested benefits	0.00	0.00	0.00
VIII. Amounts recognized in the balance sheet and statement of profit & loss account			
PVO at end of period	1459	7	686
Fair Value of Plan Assets at end of period	162	—	—
Funded Status	162	(7)	(686)
Unrecognized Actuarial Gain/(Loss)	—	—	—
Unrecognized Past service cost/(Loss)- non vested benefits	—	—	—
Net Asset/(Liability) recognized in the balance sheet	162	(7)	(686)
IX. Expense recognized in the statement of P&L A/c			
Current Service Cost	103	9	93
Interest cost	111	—	49
Past service cost (non vested benefits)	—	—	—
Past service cost (vested benefits)	—	—	—
Unrecognised past service cost (non vested benefits)	—	—	—
Expected Return on Plan Assets	(125)	—	—
Net Actuarial (Gain) / Loss recognized for the period	128	20	28
Expense recognized in the statement of P&L A/c	218	29	170
X. Movements in the Liability recognized in Balance Sheet			
Opening Net Liability	403	10	673
Adjustment to opening balance	(406)	—	—
Expenses as above	218	29	170
Contribution paid	(378)	(33)	(158)
Closing Net Liability	163	7	(686)
XI. Short Term Compensated Absence Liability			
Valuation date	31-03-2012	31-03-2012	31-03-2012
No. of days	—	1710	18585
Amount*	—	6	339

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

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

Provision for	Carrying amount at the beginning of the year (01-04-2011)	Additional provisions made during the year	Amounts used during the year	Carrying amount at the end of the period (31-03-2012)
Employee benefits	683.00	354.70	—	1037.70
Contractual obligations	40.41	0.00	40.41	0.00

h) Due to change in the Accounting Policy - Note XVII- 4(d) in respect of Insurance Claims, there is decrease in profit by ₹29.33 lakh and due to change in accounting policy - Note -XVII 9 in respect of investments, there is no effect on profit.

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

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

**NOTE XVII - 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.

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.
- d) In respect of hull and machinery insurance claims, the claim is accounted as claims recoverable from underwriters as and when the repair bill is submitted by yard/firm. Necessary adjustments are made as and when the claim is accepted by Underwriters. In respect of other insurance claims, the same are accounted for on realisation / settlement of the same by the underwriters

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 ₹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.

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:

- a) Long Term Investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.
- b) Current Investments are stated at lower of cost and fair value.

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 LIABILITIES & 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. D.K.MOHANTY)
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 G.R.Kumar & Co.
Chartered Accountants
Firm Regn No. 004941S

-sd-
(P.VIKRAM)
Partner
Membership No. 216542

PLACE : NEW DELHI

DATED : 28-05-2012

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 31-03-2012. 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 and in agreements with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report, dated 28-05-2012 to Members of the Company.

For G.R.KUMAR & CO.,
Chartered Accountants

-sd-
(P.VIKRAM)
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	YEAR ENDED 31-3-2012•		(₹ in Lakh) YEAR ENDED 31-3-2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax		1756		4487
Less/Add: Profit/Loss on sale of assets		2		(-6)
		1758		4481
ADJUSTMENT FOR :				
Depreciation	8803		7032	
Interest Expense	0		0	
Interest Income	(-1289)	7514	(-1247)	5785
Operating Profit before		9272		10266
Working Capital changes:				
Increase/decrease in inventory	(-580)		(-241)	
Increase/decrease in Sundry Debtors	(-1693)		6526	
Increase/decrease in other current Assets	73		3769	
Increase/decrease in trade payables	801	(-399)	(-10897)	(-843)
Cash generated from operations		8873		9423
Less: Interest paid	0		(-0)	
Income Taxes paid	(-1645)	(-1645)	797	797
Net Cash from operating activities (A)		7228		10220
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(-50807)		(-11547)
Interest Received		1888		1500
Investments		0		0
Net Cash from investing activities (B)		(-48919)		(-10047)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long term Borrowings		25996		0
Dividend paid			(-840)	
Corporate Dividend Tax		0	(-140)	(-980)
Net Cash from Financing Activities (C)		25996		(-980)
Net increase/decrease in cash and cash equivalents (A+B+C)		(-15695)		(-807)
Cash & Equivalents as at beginning of the year		23527		24334
Cash & Equivalents as at end of the year		7832		23527

For and on behalf of Board of Directors

-sd-
(CAPT. D.K.MOHANTY)
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 G.R.Kumar & Co.
Chartered Accountants
Firm Regn No. 0049415
-sd-
(P.VIKRAM)
Partner
Membership No. 216542

PLACE : NEW DELHI
DATED : 28-05-2012

DREDGING CORPORATION OF INDIA LIMITED



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 36th ANNUAL GENERAL MEETING of the company held on 28th September, 2012 at 1000 hrs. in Siri Fort Auditorium, 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 FROM

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 36th ANNUAL GENERAL MEETING of the company held on 28th September, 2012 at 1000 hrs. Siri Fort Auditorium, Siri Fort Cultural Complex, August Kranti Marg, New Delhi - 110049 or at any adjournment thereof.

Affix
Fifteen Paise
Revenue
Stamp

Signed this day of month 2012.

*Applicable for investors holding shares in electronic form.

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.

**BOOK - POST
PRINTED MATTER**

To,

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