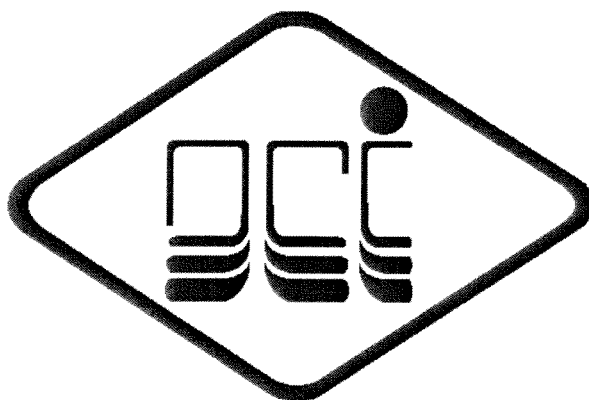


DREDGING CORPORATION OF INDIA LTD.
(A Government of India Undertaking)

35TH ANNUAL REPORT
2010 - 2011



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 through electronic mode. In accordance with Circular no. 17/2011 dated 21.04.2011 and Circular no. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, companies can now send various notices/ documents, including 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: inward.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

(Pursuant to Circular nos. 17/2011 dated 21.04.11 and 18/2011 dated 29.04.11 issued by the Ministry of Corporate Affairs)

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.

DREDGING CORPORATION OF INDIA LIMITED



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For Hindi Version of the 35th Annual Report 2010-11 please write to the Company Secretary giving the Folio/ Client ID number.

BOARD OF DIRECTORS, BANKERS, AUDITORS etc.

BOARD OF DIRECTORS

(As on 31/3/11)

Shri P.V.Ramana Murthy
Chairman and Managing Director (A/C) & Director (Finance)

Shri Rakesh Srivastava, I.A.S

Dr.A.R.Goyal

Shri S.Balachandran

Dr.Gautam Barua

Dr.Debashis Sanyal

Shri A.Soundararajan

Dr.S.Narasimha Rao

(w.e.f 06/12/2010)

GENERAL MANAGER (FIN.)

Shri K.Kiriti

COMPANY SECRETARY

Shri K.Aswini Sreekanth

BANKERS

Syndicate Bank

State Bank of India

AUDITORS

M/s. Rao & Narayan

Chartered Accountants,

Srinivasa Apartments,

Flat No. 6, Raj Bhavan Road,

Somajiguda,

Hyderabad - 500 082

REGISTERED OFFICE

Core: 2, 1st Floor, "SCOPE MINAR"

Plot No. 2A & 2B,

Laxminagar District Centre,

Delhi - 110 092.

Phone : 011 22448528

Fax : 011 22448527

HEAD OFFICE

"DREDGE HOUSE", Port Area,

Visakhapatnam - 530 035.

Phone: 0891 2523250

Fax : 0891 2560581

REGISTRARS & TRANSFER AGENT

M/s. Karvy Computershare Private Limited

Plot no.17 to 24, Vittalrao Nagar

Hyderabad - 500 081

Phone : 040 23420818

Fax : 040 23420814

e-mail: einward.ris@karvy.com



NOTICE

NOTICE is hereby given that the 35th Annual General Meeting of the shareholders of Dredging Corporation of India Limited will be held at 1100 hrs on Friday, the 9th September, 2011 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 2010-11, the audited Balance sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011 together with the Auditors' Report thereon.
2. To appoint a Director in place of Dr. S. Narasimha Rao, who retires as rotational Director and is eligible for re-appointment.
3. To appoint a Director in place of Shri P. Jayapal, who retires as rotational Director and is eligible for re-appointment.
4. To pass with or without modification, the following resolution as ordinary resolution for payment of remuneration to Statutory Auditors :

"RESOLVED THAT pursuant to clause (aa) of Sub-Section (8) of Section 224 of the Companies Act, 1956, the remuneration of the Statutory Auditors of the Company, Rao & Narayan, Chartered Accountants, appointed by Comptroller and Auditor General of India be and is hereby fixed at ₹2.50 lakh (rupees two lakh and fifty thousand only) plus service tax as applicable for the year 2010-2011.

By Order of the Board of Directors

Place : Visakhapatnam (K.Aswini Sreekanth)

Dated: 31-07-2011 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 3rd September, 2011 to 9th September, 2011 (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 unclaimed final dividend for the year 2003-2004 declared at the AGM held on 24-09-2004 is due for transfer to the IEP Fund on 24-10-2011.

Shareholders who have not so far encashed the dividend warrant (s) are requested to seek issue of duplicate warrant (s) 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

DREDGING CORPORATION OF INDIA LIMITED



- 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. Shareholders may kindly note that no gift/ gift coupon will be distributed at the meeting.
 10. No Brief case or Bag will be allowed to be taken inside the auditorium.
 11. At the ensuing Annual General Meeting, DR.S.Narasimha Rao and Shri P.Jayapal retire by rotation and being eligible, offer themselves for re-appointment. The information details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are given below.

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AT THE 35TH ANNUAL GENERAL MEETING

Name of the Director	Dr.S. Narasimha Rao	Shri P. Jayapal
Date of Birth	20/09/1941	04/05/1955
Date of Appointment	06/12/2010	18/04/2011
Qualifications	M.E., Regional Eng College, Warangal Ph.D, IIS, Bangalore	M.Sc., M.Phil Master Mariner (Foreign going)
Expertise in specific functional areas	Dredging, Rock, Characteristics, Soil exploration, design of foundations, structural systems for Ports, Jetties, Ocean Engineering, Civil Engineering	Hydrographic and Ocean surveys Harbour Management, Dredging Hydrographic Training, Harbour Maintenance etc.
Shareholding in DCI	NIL	NIL
List of Public Companies in which Directorship held	Cochin Shipyard Limited - Director Karaikal Port Limited - Director	NIL

**DIRECTORS' REPORT FOR THE YEAR 2010-2011**

Your Directors have pleasure in presenting this 35th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

The Company earned an operational income of ₹45785.64 lakh compared to ₹64540.91 lakh for the previous year.

The other income is ₹6486.84 lakh as compared to ₹4853.69 lakh for the previous year.

The total income for the year is ₹52272.48 lakh as compared to ₹69394.60 lakh for the previous year.

Profit after tax is ₹3951.47 lakh as compared to ₹7005.38 lakh for the previous year.

The Company's earning per share for 2010-2011 is ₹14.11 as compared to ₹25.02 for the previous year.

DCI FLEET

As on 31st March 2011, your Company has among others, 10 Trailer Suction Hopper Dredgers (TSHD) and 3 Cutter Suction Dredgers (CSD). The Craft wise particulars are at Annexure-I.

PLAN PROPOSALS

Contracts for procurement of three TSHDs of each 5500 cum capacity were signed during the year. The vessels are scheduled for delivery in Nov'12, May/2013 and October 2014 respectively.

Construction of one Backhoe dredger, order for which was placed in January'09 is complete and the vessel has reached India. After completion of successful trials dredger is expected to be delivered in August, 2011.

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 2010-11. A sum of ₹ 400.00 lakh has been transferred to General Reserves during the year ended 31/3/2011.

DREDGING OPERATIONS

During the year under review, maintenance dredging contracts were executed at Kolkata, Visakhapatnam, Mormugao, New Mangalore Port and capital dredging for Ennore Port and Paradip Port. The works were executed either under the existing contracts or renewal of the contracts entered into with the Ports etc., during the previous years or new contracts entered into during the year. The capacity utilisation during the year is 79% of no. of days of installed capacity.

MEMORANDUM OF UNDERSTANDING

The Company has signed Memorandum of Understanding (MOU) with Government of India for the year 2011-12. The Company expects the rating of 'GOOD' for the year 2010-11.

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 February, 2011.

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 February, 2011.

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 2010-11 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 2010-11.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

- Conservation of energy under Sec.217(1)(e): Your Company does not fall under the category of companies which are required to furnish this information. However, the following measures have been taken:
 - All the dredgers in DCI fleet are installed with sophisticated and state-of-the art instrumentation like Differential Global Positioning System (DGPS) and Draft Volume Load Monitoring (DVLM) 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 40% 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) 3665.93
 - b) Repayment of foreign currency loan 0.00
 - c) Interest paid on loans from foreign banks 0.00
 - d) Travelling 10.25
 - e) Chartering charges 48.25
 - Total **3724.43**

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	182	56	01	1.78
B	99	58	03	5.17
C	62	58	03	5.17
D	05	05	Nil	Nil
Total	348	177	07	3.95

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 31.03.2011 is 50 as against 53 as on 31.03.2010. Out of them number of executives is 15 and Non-Executives is 35.

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 135 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) 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

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report, Corporate Governance Report and Certificate from the 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, 2011 was 683, as against 721 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, 2011 was SCs - 96, i.e., 14.08 % as against prescribed percentage of 16.66% and STs 37 i.e., 5.43% 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 14.22% 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, 2011 is 7 (seven), the



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 50 women employees, 11 had undergone training during the year 2010-11.

WAGE SETTLEMENTS

A. FLOATING ESTABLISHMENT :

- i) The INSA-MUI (FG/HT) Agreements in respect of Floating Officers, for the periods from 2008 to 2010 and 2010 to 2012 have been implemented.
- ii) The INSA-NUSI Agreements, relating to HT Petty Officers for the period from 2008-10 was expired on 31.03.2010. The wage revision is due from 01.04.2010.
- iii) The Wage Agreement of Crew/MPWs for the period from 2008-10 was expired on 31.03.2010. The wage revision is due from 01.04.2010.

B. SHORE ESTABLISHMENT:

- i) The Revised pay scales of Executives have been implemented w.e.f. 01.01.2007
- ii) The wage revision of Non-Executive employees has been implemented w.e.f.01.01.2007.

INDUSTRIAL RELATIONS:

The Non-Executive Employees Union representing the Non-Executive Employees of the Company were on strike from 11/10/10 to 15/10/10 for settlement of wage revision for non-executives. The wage revision for non-executives was subsequently implemented with effect from 01.01.07.

Barring the above, 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, 12 DCCP apprentices, One Management Trainee and Two Industrial Trainees were inducted for training. As part of social responsibility, students from local Institutions/Colleges/Universities were guided for project works in Human Resource Management, Finance, Marketing and Information Technology etc. Under Tonnage Tax Scheme, the Corporation imparted 8060 Training Mandays

against the Basic Training Commitment (BTC) of 7227 Training Mandays.

During the year 2010-2011 a total of 32 employees were trained in the specified programmes as against the MOU target of 30. Altogether 195 employees were imparted training during the year 2010-11.

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. 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 General Manager (Fin.) 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. The five 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 Fortnight was celebrated during September and a Hindi Exhibition was also organised during the year. The employees participated in the All India Hindi Seminars /



Kavi Sammelans held at Visakhapatnam and presented papers / poetry. Poetry and Radio talks in Hindi were also broadcast on AIR.

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.

During the year, the Corporation was awarded Third Prize by the Ministry of Shipping for the year 2009-10 and another prize by the Town Official Language Implementation Committee for the progressive use of Hindi for the same year.

ACTIVITIES OF VIGILANCE DEPARTMENT DURING 2010-11

Under preventive vigilance, during the year, the Vigilance Department conducted 26 regular inspections, 14 surprise checks and 11 CTE type inspections on various aspects of performance. The objective of such inspections was to find out violations of extant Rules, instructions, CVC/ Govt. Guidelines and suggest measures for streamlining systems, improvement of measures for better house keeping, elimination of scope for corruption and irregularities and encouraging greater efficiency and transparency. Vigilance Awareness week was observed during 25th October to 1st November, 2010 and customer/vendor meets were organised. 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 is being published for dissemination of the latest information and knowledge on vigilance.

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.

IMPLEMENTATION OF JUDGEMENTS/ ORDERS OF THE CAT

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

AUDITORS

M/s Rao & Narayan, Chartered Accountants were appointed by the Comptroller and Auditor General of India as Auditors for auditing the accounts of the Company for the financial year 2010-11. 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 2010-11 for approval of the members at this AGM.

AUDITORS' REPORT

The Auditors Report on the Accounts for 2010-11 are 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, 2011 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.

Shri P. Sridharan ceased to be Director (Operations & Technical) w.e.f. 01/12/10 on attaining the age of superannuation. The term of Dr.S.Narasimha Rao, part time non-official Director was completed on 4/03/10 and Ministry of Shipping communicated the appointment of Dr.S.Narasimha Rao for a period of three years w.e.f.6/12/10.

Ministry of Shipping vide its letter dated 4/3/11 communicated the relief of Capt.S.S.Tripathi Chairman and Managing Director and assignment of additional charge of Chairman and Managing Director to Shri P.V.Ramana Murthy, Director (Finance) upto 3/6/11.

Ministry of Shipping 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.

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

Pursuant to Section 256, of the Companies Act, 1956 Dr.S.Narasimha Rao, and Shri P.Jayapal retire at this meeting and are eligible for re-appointment. The Board recommends for their re-appointment in this meeting.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

-sd-

(P.JAYAPAL)
DIRECTOR(OPS. & TECH.)

-sd-

(P. V. RAMANA MURTHY)
DIRECTOR (FINANCE)

Place:VISAKHAPATNAM

Date: 03/08/2011



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 Capacity (Cu.M)	Pumping Capacity (Cu.M/hr) solids	Net Tonnage	No. of Dredging days
DCI Dredge V	1974	Self Propelled TSHD	22.00	100.00	6.52	3539	-	2005	293
DCI Dredge VI	1975	Self Propelled TSHD	22.00	104.00	6.30	3770	-	2139	274
DCI Dredge VII	1976	Non Propelled CSD	22.00	86.00	2.50	-	1000	746GRT	159
DCI Dredge VIII	1977	Self Propelled TSHD	25.00	124.30	8.50	6500	-	4437	273
DCI Dredge IX	1984	Self Propelled TSHD	25.00	102.60	7.50	4500	-	1547	296
DCI Dredge XI	1986	Self Propelled TSHD	25.00	102.60	7.50	4500	-	1551	62
DCI Dredge XII	1990	Self Propelled TSHD	20.00	115.00	6.50	4500	-	1906	303
DCI Dredge XIV	1991	Self Propelled TSHD	20.00	115.00	6.50	4500	-	1906	296
DCI Dredge XV	1999	Self Propelled TSHD	25.00	122.00	8.50	7400	-	2421	235
DCI Dredge XVI	2000	Self propelled TSHD	25.00	122.00	8.50	7400	-	2414	304
DCI Dredge XVII	2001	Self propelled TSHD	25.00	122.00	8.50	7400	-	2414	279
DCI Dredge Aquarius	1977	Self Propelled CSD	25.00	107.00	4.85	-	3500	1019	93
DCI Dredge XVIII	2009	Non-propelled CSD	25.00	88.00	3.00	-	2000	607	11*
DCI Tug-VII	2005	Self Propelled (Twin Screw)	-	42.30	4.50	-	-	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	
Total									2878

* Dr.XVIII was commissioned from 21/01/2011



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

i Composition of Board of Directors as on 31/03/2011: Pursuant to the Articles of Association of the Company, all the Directors are appointed by the President of India. Non-Official Part-time Directors are Independent Directors pursuant to Clause 49 of the Listing Agreement. The composition of the Board as on 31/03/2011 is as under:

Name	Executive/Non-Executive	Official/Non-Official	Age	Qualifications
i) Shri P.V.Ramana Murthy, CMD(A/C),DFN	Executive	Whole-time official	56	BCom/ACA
ii) Shri. Rakesh Srivastava	Non-Executive	Part-time official	52	MSc
iii) Dr.A.R.Goyal	Non-Executive	Part-time official	56	MSc/PhD
iv) Shri. S.Balachandran	Non-Executive	Part-time Non-official	66	MSc
v) Dr. Debashis Sanyal	Non-Executive	Part-time Non-official	53	MCom/ACWA/PhD
vi) Dr.Gautam Barua	Non-Executive	Part-time Non-official	57	M.Tech/PhD
vii) Shri. A.Soundararajan	Non-Executive	Part-time Non-official	56	BSc/FCA
viii) Dr.S.Narasimha Rao	Non-Executive	Part-time Non-official	70	BEM/EM/PhD

ii Changes in Board of Directors during 2010-11:

Director	Date	Nature of Change
i) Shri P.Sridharan	30/11/10	Cessation on superannuation
ii) Dr.S.Narasimha Rao	06/12/10	Appointment
iii) Capt.S.S.Tripathi	04/03/11	Relieved from the charge of CMD
iv) Shri P.V.Ramana Murthy	04/03/11	Assignment of additional
Director (Finance)	to 03/06/11	charge of CMD

iii Changes in Board of Directors from 1/4/11 till date of report:

Director	Date	Nature of Change
i) Shri S.Balachandran	16/04/11	Cessation on completion of tenure
ii) Shri A.Soundararajan	16/04/11	Cessation on completion of tenure
iii) Dr.Debashis Sanyal	16/04/11	Cessation on completion of tenure
iv) Dr.Gautam Barua	16/04/11	Cessation on completion of tenure
v) Shri P.Jayapal	18/04/11	Appointment

iv Brief profile of the Directors appointed from 1/4/10 till date of report.

Dr.S.Narasimha Rao:- He was earlier part-time non-official director of the company for two terms of three years each from March 2004 till March 2010. He was re-appointed by Government for another term of three years from December, 2010. Dr.Rao is an expert in the field of Dredging, Soil Mechanics etc., and has rich experience in these fields. He is a Project co-ordinator for many major projects for CPWD, state PWD, Power Projects, Fertilizer complexes, Major Irrigation projects, Major projects for Ports and Harbours. He is involved in developing some of the recent modern Ports like Gangavaram Port, Visakhapatnam Port and Karaikal Port in the East Coast of India and also Ports like Kandla and Pipav Port in the West Coast of India. Dr. Rao is highly qualified and reputed person in the fields of civil engineering, ocean engineering and dredging. He is also a Director in Cochin Shipyard and Karaikal Port.

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.

v Attendance Record of Directors : 2010-11

Twelve Board Meetings were held during the year 2010-11. Attendance of Directors at the meetings of Board of Directors during the financial year 2010-11 and the last Annual General Meeting held on 08.09.2010 is as follows:-

Name of the Director	No. of Board Meetings		Attended last AGM
	During tenure	Attended	
1. Capt.S.S.Tripathi, CMD (upto 04/03/11)	10	10	Yes
2. Shri P.V.Ramana Murthy DFN,CMD (A/c) w.e.f. 04/03/11,	12	12	Yes
3. Shri P. Sridharan (Superannuated on 30/11/10)	7	7	Yes
4. Shri Rakesh Srivastava, IAS	12	8	No
5. Dr. A.R. Goyal	12	11	No
6. Shri S. Balachandran	12	11	Yes
7. Dr. Gautam Barua	12	2	No
8. Dr.S.Narasimha Rao (w.e.f. 06/12/10)	5	3	NA
9. Shri A. Soundararajan	12	10	Yes
10. Dr. Debashis Sanyal	12	4	Yes



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

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

vii Details of Board Meetings held during 2010-11

Sl.No.	Date	Place	No. of Directors Present
1.	19/04/2010	Visakhapatnam	9
2.	27/05/2010	Visakhapatnam	8
3.	05/08/2010	Kolkata	7
4.	27/08/2010	Delhi	8
5.	23-24/09/2010	Delhi	6
6.	13/11/2010	Visakhapatnam	7
7.	19/11/2010	Delhi	6
8.	15/12/2010	Delhi	7
9.	13/01/2011	Delhi	5
10.	12/02/2011	Visakhapatnam	6
11.	11/03/2011	Delhi	6
12.	26/03/2011	Goa	5

3 AUDIT COMMITTEE

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

ii The Constitution of the Audit Committee as on 31-03-2011 is as under :-

1. Shri S.Balachandran	:	Member
2. Dr.A.R.Goyal	:	Member
3. Shri A.Soundararaajan	:	Member
4. Dr.Debashis Sanyal	:	Member
5. Dr.S.Narasimha Rao	:	Member (w.e.f. 12/02/2011)

iii Meetings of the Audit Committee and attendance during the year 2010-11:

Details of Audit Committee Meetings held during the year 2010-2011:

Sl.No.	Date	Place	No. of Members Present
1.	19/04/2010	Visakhapatnam	4
2.	26/05/2010	Visakhapatnam	3
3.	04/08/2010	Kolkata	3
4.	12/11/2010	Visakhapatnam	2
5.	11/02/2011	Visakhapatnam	4

Details of attendance in Audit Committee Meetings during 2010-11:

Sl.No.	Name of the Director	No. of Meetings	
		During tenure	Attended
1.	Shri S. Balachandran	5	5
2.	Dr.A.R.Goyal	5	4
3.	Dr.Debashis Sanyal	5	3
4.	Dr.A.Soundararaajan	5	4
5.	Dr.S.Narasimha Rao	0	0



4 REMUNERATION OF DIRECTORS

- i. DCI being a Government of India Undertaking, the remuneration payable to its whole-time Directors is as per the Rules and Regulations prescribed by the Government of India, received through the Administrative Ministry, Ministry of Shipping. As such, the company has not constituted any remuneration committee for Directors.
- ii. The part-time official (Government) Directors do not receive any remuneration from the Company.
- iii. The Part-time Non-Official Directors were paid sitting fees @ ₹5000/- upto 11/2/11 which was enhanced to ₹10000/- from 12/02/11 for each Board meeting and ₹5000/- for each Committee meeting attended by them.
- iv. DCI does not have a policy of paying commission on profits to any of the Directors of the Company.
- v. Remuneration paid to Whole time Directors during 2010-11 is as under :-

(₹ in lakhs)

Name of the Director	Salary	Performane Related Incentive	Sitting Fees	Total
Executive Directors (Whole-time)				
1. Capt.S.S.Tripathi, CMD (upto 4/3/11)	18.09	4.72	-	22.81
2. Shri P.V.Ramana Murthy, DFN	18.72	3.80	-	22.52
3. Shri P.Sridharan, DOT (upto 30/11/10)	9.57	0.94	-	10.51
Non- Executive Directors (Part-time official)				
4. Shri Rakesh Srivastava	-	-	-	-
5. Dr.A.R.Goyal	-	-	-	-
Non- Executive Directors (Part-time Non-official)				
6. Shri S.Balachandran	-	-	1.75	1.75
7. Dr.Debashis Sanyal	-	-	0.65	0.65
8. Dr.Gautam Barua	-	-	0.15	0.15
9. Shri A.Soundararaajan	-	-	0.90	0.90
10. Dr.S.Narasimha Rao	-	-	0.60	0.60

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 31/3/2011 is as under :-
 - i) Dr.S.Narasimha Rao : Chairman (w.e.f 12/02/2011)
 - ii) Shri S.Balachandran : Member
 - iii) Shri P.V.Ramana Murthy : Member

The Committee held one meeting during the year in the month of February, 2011.

- ii. K.Aswini Sreekanth, Company Secretary is designated as Compliance Officer.
- iii. During the year 2010-11, 159 complaints were received from shareholders, 1 complaint was forwarded by SEBI and 2 complaints were forwarded by Stock Exchanges.
- iv. Every effort was made to resolve the complaints to the satisfaction of the investors by the Company and R&T Agents.
- v. There is no pending complaint as on 31/03/11.

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 31-3-11 the company had 54,141 shareholders. The company has been taking all steps to ensure that shareholder related activities are given top priority and matters are attended to immediately. M/s Karvy Computershare Private Limited, Hyderabad is the Registrar and Transfer Agent of the Company providing the services of physical share registry work and electronic interface facility with the depositories.

6 GENERAL BODY MEETINGS

- i. Details of last 3 Annual General Meetings:

	2007-08- 32nd AGM	2008-09-33rd AGM	2009-10-34th AGM
1. Date	29-9-2008	24-9-2009	08-9-2010
2. Time	1000 hrs.	1000 hrs.	1600 hrs.
3. Venue	Siri Fort Auditorium August Kranti Marg New Delhi - 110049	Siri Fort Auditorium August Kranti Marg New Delhi - 110049	Air Force Auditorium Subroto Park New Delhi - 110010

- ii. During the previous three years, no special resolution was passed.
- iii. During the previous year, no special resolution was passed through postal ballot.
- 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 2010-11 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 2010-11.

Place :Visakhapatnam
Date : 01/07/2011

-Sd-
(P. V. Ramana Murthy)
Director (Finance)"

- 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. The Board constituted a Risk Management Committee with Director (Finance) and Director (Operations and Technical) as Members to formulate a formal Risk Management Policy of the Company.
- 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 (A/C) 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 2010-11.
- 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 31/3/11 is as under:-
a) Shri A.Soundararajan b) Dr.Debashis Sanyal & c) Dr.A.R.Goyal.

The Remuneration Committee had two meetings during the year on 19/4/10 for deciding the Performance Related Payments for the years 2007-08 & 2008-09 and on 29/10/10 for deciding the Performance Related Payments for the year 2009-10. 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

DCI being a Government Company, Whistle Blower Policy is followed as per Central Vigilance Commission Guidelines. As per the MOU targets for 2011-12 the Company needs to formulate its own whistle Blower Policy by 31/12/11. The same would be adhered to.

8. Means of Communication:

i. Quarterly Results

The schedule of consideration of quarterly results by the Board for the year 2011-2012 is as under:

- | | | |
|--|---|--------------------------|
| a) Results for the 1st quarter ending 30th June, 2011 | : | On or before 14-08-2011. |
| b) Results for the 2nd quarter ending 30th Sept. 2011 | : | On or before 14-11-2011. |
| c) Results for the 3rd quarter ending 31st Dec. 2011 | : | On or before 14-02-2012. |
| d) Audited results for the year ending 31st Mar., 2012 | : | On or before 31-05-2012. |

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 - | : | 9 th September, 2011 at 1100 hrs. in Siri Fort |
| Date, Time & Venue | : | Auditorium, August Kranti Marg, New Delhi - 110049 |
| ii. Financial Year | : | 1st April to 31st March next year. |
| iii. Date of Book closure | : | 03/09/2011 to 09/09/2011 (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: INE506A01018

DREDGING CORPORATION OF INDIA LIMITED



vi Market price data of the Company in comparison to BSE Sensex and NSE (S&P CNX NIFTY) during 2010-2011

Month	BSE Share Price(₹)		BSE SENSEX/NSE		Share Price(₹)		NSE (S&P CNX NIFTY)	
	High	Low	High	Low	High	Low	High	Low
April' 10	640.00	585.10	18047.86	17529.55	624.90	586.00	5399.65	5160.90
May' 10	609.00	484.70	17536.86	16684.13	607.85	476.00	5250.15	4786.45
June' 10	613.50	532.00	17351.18	16318.39	614.00	536.00	5366.75	4967.05
July' 10	624.00	565.20	18167.22	17395.58	623.50	518.00	5477.50	5225.60
August' 10	596.00	526.20	18309.25	17911.31	597.70	527.10	5549.80	5348.90
September' 10	609.30	521.05	19554.50	18027.12	607.80	533.10	6073.50	5403.05
October' 10	575.00	511.11	20854.55	20094.10	575.80	476.00	6284.10	5937.10
November' 10	556.00	412.00	21108.64	20108.40	556.00	419.45	6338.50	5690.35
December' 10	505.00	405.00	20217.86	19074.57	503.00	408.00	6147.30	5721.15
January' 11	460.00	384.50	20664.80	18811.96	480.00	364.30	6181.05	5416.65
February' 11	439.80	325.00	18542.20	17295.62	439.00	312.20	5599.25	5177.70
March'11	370.15	322.65	18736.97	17920.55	370.00	323.00	5872.00	5348.20

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 31/03/2011:

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	300279	1.07
b. Financial Institutions/Banks	1042599	3.72
c. Central / State Govt. (s)	-	-
d. Venture Capital Funds	-	-
e. Insurance Companies	1457791	5.21
f. Foreign Institutional Investors	523255	1.87
g. Foreign Venture Capital Investors	-	-
h. Any other	-	-
Sub-total B (1)	3323924	11.87
2 Non-Institutions		
a Bodies Corporate	570590	2.04
b Individuals		
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	2005332	7.16
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	20000	0.07
c Any Other (Specify)		
(i) Non-resident Indians	37545	0.13
(ii) Trusts	15104	0.05
(iii) Clearing Members	29805	0.11
Sub-total B (2)	2678376	9.56
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 31.03.2011, of the 60,02,300 shares held by others, 59,98,105 are held in dematerialised form. In the year 2010-11, 332 shares have been dematerialized covering 5 demat requests. During the year, 2 shares were rematerialised and share certificates issued covering 2 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 2010-11 for the purpose of reconciliation of total admitted capital with both the depositories and the total issued and listed capital of the Company. The Secretarial Audit Report obtained from M/s P.N.Rao & Co., Company Secretaries, Visakhapatnam was submitted to the Delhi, Mumbai, Calcutta Stock Exchanges and to National Stock Exchange for all the quarters and was also placed before the Board for information.

f. As per 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.**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. As stated in the Corporate Governance Guidelines issued by DPE, a formal Board Charter clearly defining the roles and responsibilities of Board and Individual Directors is under preparation.**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 2011, 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.

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-

(P. NARASINGA RAO)
Proprietor

Place: Visakhapatnam
Date : 20/07/2011



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 11th Plan Mid term Review Report the target in the Eleventh Plan for capital dredging was 298.28 Million Cubic Metres (MCuM) for major ports and SSCP and 367.18 MCuM for non-major ports, besides maintaining dredging of 367.06 MCuM and 33.89 MCuM respectively. Against this, the first three years have seen dredging of 236.34 MCuM at major ports, which is only 35.52 % of the Plan target. As per the document one of the key areas of concern is the slow pace in maintenance and capital dredging. In the present international dredging scenario, almost the entire dredging technology and know-how is concentrated with a few international companies. During recent years, demand for dredging operations has increased substantially due to enhanced activity in reclamation and augmentation of port capacity. Moreover, the time frame for execution of dredging projects has increased. In line with the international trend of creating on-shore and off-shore infrastructure that requires large-scale dredging, such activities in India have also increased. At the same time, only a few companies in the dredging sector have shown an interest in acquiring dredgers and carrying out dredging activities. The document further says that in order to develop dredging capacity, it is necessary to take steps to ensure adequate skilled manpower and development of maintenance and engineering facilities. It would also be useful if the time for accomplishing the whole process of evolving approval and implementation of dredging projects is reduced.
2. 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.
3. 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.
4. 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.
5. **CORPORATE PERFORMANCE**

Operations

DCI is the largest dredging company in India. The capacity utilization measured as a ratio between the number of days of utilisation and number of days of availability of the dredgers during the year is 79%.



Financial Performance	(₹ Lakhs)	
	<u>2010-11</u>	<u>2009-10</u>
Income from Operations	45786	64541
Other income	6487	4854
Total turnover	52272	69395
Profit before interest, depreciation and tax	11285	14377
Interest	0	10
Depreciation	7032	6602
Profit Before Tax	4487	7766
Provision for Current Tax	525	750
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	3951	7005
<u>Proposed/Declared Dividend</u>		
Percentage	0%	30%
₹Lakhs	0	840
Earnings Per Share (₹)	14.11	25.02
Book Value per share (₹)	488.77	474.66

6. OPPORTUNITIES AND THREATS

The Company perceives the following opportunities -

- i Targeted GDP growth rate of average 9% per annum during 11th Plan which is expected to result, among others, in increase in Port Traffic and Port Capacity during 11th Plan.
- ii Upcoming capital dredging projects at various Ports in India.
- iii Upcoming private ports.
- iv Increased maintenance dredging requirements consequent to new capital dredging works.
- v 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.

7. 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 Gol 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.

8. 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.

9. 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 One Backhoe hoe dredger which is expected to be inducted by August, 2011 after satisfactory completion of trials.
 - v Three 5,500 cu m capacity trailer suction hopper dredgers, order for which has been placed during the year.
 - vi Reducing operational costs - Focusing on fuel efficiency in ship operations, streamlining spare parts procurement systems.
 - vii Close monitoring of repairs.
10. **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 Tow 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.
11. **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.
12. **INDUSTRIAL RELATIONS**
The Non-Executive Employees Union representing the Non-Executive Employees of the Company were on strike from 11/10/10 to 15/10/10 for settlement of wage revision for non-executives. The wage revision for non-executives was subsequently implemented with effect from 01.01.07.
Barring the above, the industrial relations in the Corporation continued to be cordial throughout the year under report.
13. **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. The Company for the year has transferred an amount of ₹1.40 Cr to the Non-Lapsable Corporate Social Responsibility Fund. The Fund will be utilised for implementation of the Corporate Social Responsibilities of the Company.
14. **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, 2011 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining on test basis evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) The provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to this company vide number 2/5/2001-CL-V : General Circular No.8/2002 dated 22-03-2002 issued by Ministry of Law, Justice and Company Affairs, Department of Company Affairs.
 - (vi) 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, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Rao & Narayan
Chartered Accountants
-sd-

(P.V.SUBBA RAO)
Partner
Membership No. 09269

Place : New Delhi
Date : 30/05/2011

ANNEXURE TO AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the fixed assets have been physically verified by the management during the year in a phased manner. As informed to us, no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off substantial part of the fixed assets during the year and the going concern status of the company is not affected.
- (ii) (a) Physical verification of inventory has been conducted by the management at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The Company has maintained proper records of inventory. As informed to us, no material discrepancies were noticed on physical verification as compared to the book records.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
In view of the above, clause 4 (iii) (b), (c) and (d) are not applicable.
 - (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
In view of the above, Clause 4 (iii) (f) and (g) are not applicable.



- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control.
- (v) (a) According to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of Companies Act, 1956 that need to be entered into the Register required to be maintained in pursuance of Section 301 of the Companies Act, 1956.
In view of the above, Clause 4 (v) (b) is not applicable.
- (vi) The Company has not accepted any deposits from the public during the year
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the nature of business carried on by the Company.
- (ix) (a) The Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of aforementioned dues were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
(b) According to information and explanations given to us, there were no statutory dues that have 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 not obtained any term loans during the year and therefore, clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xvii) The Company has not raised any funds on short-term basis or long-term basis during the year and therefore, clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures during the year and therefore, the clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (xx) The Company has not raised money by public issue during the year and therefore, the clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

**For Rao & Narayan
Chartered Accountants
-Sd-**

**(P.V. SUBBA RAO)
Partner
Membership No. 09269**

**Place : New Delhi
Date : 30/05/11**



**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, 2011.**

The preparation of financial statements of Dredging Corporation of India Limited, Visakhapatnam for the year ended 31ST March 2011 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 30th May, 2011.

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 2011. This supplementary audit has been carried out independently 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 raise 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.NTHAKARE)

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

Place : HYDERABAD

Dated : 15-07-2011



BALANCE SHEET AS AT 31st MARCH, 2011

(₹ in Lakh)

	Schedule No.	As at 31-3-2011	As at 31-3-2010
A. SOURCES OF FUNDS :			
1. SHARE HOLDERS' FUNDS			
Share Capital	I	2800.00	2800.00
Reserves and Surplus	II	<u>134054.90</u>	<u>130103.43</u>
2. LOAN FUNDS:	III		
Unsecured Loans		<u>0.00</u>	<u>0.00</u>
TOTAL		<u>136854.90</u>	<u>132903.43</u>
B. APPLICATION OF FUNDS:			
1. FIXED ASSETS			
Gross Block	IV	126738.35	99457.92
LESS: Depreciation		78002.43	70997.19
LESS: Impairment loss		<u>8.79</u>	<u>14.53</u>
Net Block		48727.13	28446.20
Capital work in progress	V	17064.91	26913.28
2. INVESTMENTS:	VI	3000.01	3000.01
3. CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories		9186.71	8945.11
Sundry Debtors		34045.92	40571.77
Cash and Bank Balances		23527.39	24334.36
Other Current Assets		9314.56	12133.27
Loans and Advances		<u>9742.38</u>	<u>12284.21</u>
		85816.96	98268.72
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	VIII	17031.00	21936.79
Provisions		<u>723.11</u>	<u>1787.99</u>
		17754.11	23724.78
Net Current Assets		68062.85	74543.94
TOTAL		<u>136854.90</u>	<u>132903.43</u>
Notes on Accounts	XV		
Accounting Policies	XVI		

Schedules referred to above form an integral part of the Accounts

For and on behalf of Board of Directors

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

-sd-
(P.V.RAMANA MURTHY)
Director (Finance) &
Chairman and Managing Director A/C

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

-sd-
(P.JAYAPAL)
Director (Ops. & Tech.)

-sd-
(K.ASWINI SREEKANTH)
Company Secretary

PLACE : NEW DELHI
DATED : 30-05-2011

DREDGING CORPORATION OF INDIA LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(₹ in Lakh)

	Schedule No.	YEAR ENDED 31-3-2011	YEAR ENDED 31-3-2010
A. INCOME :			
Operating Earnings	IX	45785.64	64540.91
Others	X	6486.84	4853.69
		<u>52272.48</u>	<u>69394.60</u>
B. EXPENDITURE :			
Operations	XI	32927.45	48478.61
Administration	XII	3589.96	3218.10
Interest		0.00	10.29
Depreciation		7032.14	6602.02
Provisions	XIII	4235.97	3358.51
		<u>47785.52</u>	<u>61667.53</u>
		4486.96	7727.07
PROFIT BEFORE PRIOR PERIOD ADJUSTMENTS :			
PRIOR PERIOD ADJUSTMENTS:			
ADD : Credits	XIV	0.00	124.33
LESS : Debits	XIV	0.00	85.63
			<u>38.70</u>
		4486.96	7765.77
PROFIT BEFORE TAX			
LESS : Provision for Income Tax - Current		525.00	750.00
Provision for Wealth Tax		10.49	10.39
		<u>535.49</u>	<u>760.39</u>
PROFIT AFTER TAX			
		3951.47	7005.38
DEDUCT : Transfer to Tonnage Tax Reserve U/s 115 VT of IT Act		2000.00	2250.00
DEDUCT : Transfer to General Reserve		400.00	750.00
DEDUCT : Proposed Dividend		0.00	840.00
: Dividend Tax on Proposed Dividend		0.00	139.51
		<u>38897.60</u>	29671.73
ADD : Balance brought forward from previous year		0.00	600.00
ADD : Transfer from Reserve U/s 33AC		14700.00	5600.00
ADD : Transfer from Reserve 33AC Utilisation A/c		55149.07	38897.60
BALANCE OF PROFIT CARRIED OVER TO BALANCE SHEET			
		14.11	25.02
Earnings per share : Basic / Diluted (in ₹)			
(Note 8 (d) to Schedule - XV)			
Notes on Accounts	XV		
Accounting Policies	XVI		
Schedules referred to above form an integral part of the Accounts.			

For and on behalf of Board of Directors

-sd-
(P.V.RAMANA MURTHY)
Director (Finance) &
Chairman and Managing Director A/C

-sd-
(P.JAYAPAL)
Director (Ops. & Tech.)

PLACE : NEW DELHI
DATED : 30-05-2011

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

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

-sd-
(K.ASWINI SREEKANTH)
Company Secretary

DREDGING CORPORATION OF INDIA LIMITED



(₹ in Lakh)

	As at 31-3-2011	As at 31-3-2010
SCHEDULE - 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>
	<u>2800.00</u>	<u>2800.00</u>
SCHEDULE - II RESERVES AND SURPLUS		
CAPITAL RESERVE:(*)		
As per last Balance Sheet	451.83	451.83
GENERAL RESERVE:		
As per last Balance Sheet	42504.00	41754.00
Add: Transfer during the year	<u>400.00</u>	<u>750.00</u>
	42904.00	42504.00
RESERVE U/S 33AC OF THE INCOME TAX ACT 1961		
As per last Balance Sheet	32700.00	33300.00
Less : Transfer to Resrve U/s 33 AC Utilisation Account	14700.00	0.00
Less : Excess provision made in earlier years transferred to Profit & Loss Account	<u>0.00</u>	<u>600.00</u>
	18000.00	32700.00
RESERVE U/S 33AC UTILISATION ACCOUNT		
As per last Balance Sheet	0.00	5600.00
Less : Transfer from Reserve U/s 33AC	14700.00	0.00
Less : Transfer to Profit & Loss Account during the year	<u>14700.00</u>	<u>5600.00</u>
	0.00	0.00
TONNAGE TAX RESERVE U/S 115 VT OF IT ACT		
As per last Balance Sheet	15550.00	13300.00
Add: Transfer during the year	<u>2000.00</u>	<u>2250.00</u>
	17550.00	15550.00
PROFIT AND LOSS ACCOUNT	<u>55149.07</u>	<u>38897.60</u>
	<u>134054.90</u>	<u>130103.43</u>

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

SCHEDULE - III LOAN FUNDS		
UNSECURED LOANS:		
From Foreign Banks	0.00	0.00
(Installments repayable within one year - NIL , previous year - NIL)	<u>0.00</u>	<u>0.00</u>

SCHEDULE-IV FIXED ASSETS										
DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Ason 31-3-10	Additions in the year	Deductions/ Adjustments	Ason 31-3-11	Upto 31-3-10	During the year	Deductions/ Adjustments	Upto 31-3-11	Ason 31-3-11	Ason 31-3-10
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	281.19	1.47	0.00	282.66	63.61	65.08
3 DREDGERS	87721.94	27146.38	0.00	114868.32	64550.60	5760.66	0.00	70311.26	44557.06	23171.34
4 ANCILLARY CRAFTS	3429.53	0.00	0.00	3429.53	826.62	234.72	0.00	1061.34	2368.19	2602.91
5 PIPELINE, BALL & SOCKETS JOINTS ETC.	6591.19	67.85	6.41	6652.63	4380.91	924.67	4.04	5301.54	1351.09	2210.28
6 OTHER OPERATIONAL ASSETS	286.94	0.00	0.00	286.94	204.36	7.69	0.00	212.05	74.89	82.58
7 FURNITURE, FITTINGS, EQUIPMENTS ETC	460.73	8.30	3.40	465.63	218.35	24.65	3.18	239.82	225.81	242.38
8 COMPUTERS	510.35	27.71	19.69	518.38	481.66	17.12	25.42	*473.36	45.02	28.69
9 MOTOR VEHICLES	15.59	0.00	0.00	15.59	8.63	1.48	0.00	10.11	5.48	6.96
10 TEMP. STRUCTURES FIXTURES/ERECTIONS	59.40	59.68	0.00	119.08	59.40	59.68	0.00	119.08	0.00	0.00
TOTAL	99457.92	27309.92	29.49	126738.35	71011.72	7032.14	32.64	78011.22	48727.13	28446.20
PREVIOUS YEAR'S TOTAL	95663.21	3826.61	31.90	99457.92	64436.75	6605.02	30.05	71011.72	28446.20	31226.46

* includes ₹8.79 lakh (previous year ₹14.53 lakh) provided for impairment loss

NOTES TO SCHEDULE IV:

- (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.
- (b) As per the Accounting Standard 28 pronounced by the Institute of Chartered Accountants of India, the impairment loss has been recognised in respect of Computers. The recoverable amount has been determined to the extent of the carrying amount of the asset exceeded its estimated recoverable amount.

DREDGING CORPORATION OF INDIA LIMITED



(₹ in Lakh)

	Asat 31-3-2011	Asat 31-3-2010	
SCHEDULE - V CAPITAL WORK IN PROGRESS			
Work in progress-			
- DCI Dr/XVIII*	0.00	20879.44	
- Back-hoe dredger	8484.71	6025.31	
- DCI DR XIX	4433.11	0.00	
- DCI DR XX	4138.56	0.00	
- Others	8.53	8.53	
	<u>17064.91</u>	<u>26913.28</u>	
* Commissioned on 21/1/2011.			
SCHEDULE - VI INVESTMENTS			
At Cost - Non- Trade (Unquoted)			
a) 5 Shares of ₹50/- each fully paid - up in Mittal Chambers Premises Co-operative Society Ltd., Bombay	0.01	0.01	
b) Sethusamudram Corporation Limited ₹300 lakh (Previous year - ₹145 lakh) Equity shares of ₹10 each fully paid	<u>3000.00</u>	<u>3000.00</u>	
	<u>3000.01</u>	<u>3000.01</u>	
SCHEDULE - VII CURRENT ASSETS, LOANS AND ADVANCES			
A. CURRENT ASSETS:			
INVENTORIES:			
Stock of spares and stores(Note 1) (Valued at cost and as certified by the Management)	9353.02	9227.60	
LESS: Provision for unserviceable Spares & Stores	<u>166.31</u>	<u>282.49</u>	8945.11
SUNDRY DEBTORS (Unsecured):			
a) Debts outstanding for a period exceeding 6 months	27317.38	38466.77	
b) Other Debts	<u>17459.28</u>	<u>9590.27</u>	
	<u>44776.66</u>	<u>48057.04</u>	
LESS: Considered doubtful and provided for Debts considered good	<u>10730.74</u>	<u>7485.27</u>	40571.77
CASH AND BANK BALANCES:			
a) Cash on Hand (Note 2)	395.61	211.51	
b) Cheques on Hand	6.56	1421.00	
c) With Scheduled Banks:			
i) Current Account	4144.22	3646.85	
ii) Fixed Deposit Account	<u>18981.00</u>	<u>19055.00</u>	24334.36
OTHER CURRENT ASSETS:			
a) Interest accrued on Deposits and Advances	1143.60	1397.01	
b) Unbilled Operational Income	<u>8170.96</u>	<u>10736.26</u>	12133.27
B. LOANS AND ADVANCES			
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED:			
a) Secured-considered good	104.24	132.12	
b) Unsecured (Note 3)	<u>892.83</u>	<u>2329.29</u>	2461.41
c) Income Tax Paid & Tax deducted at source	<u>6479.43</u>	<u>8607.42</u>	
LESS: Provision for Income Tax	<u>3115.67</u>	<u>3906.29</u>	4701.13
DEPOSITS:			
a) Customs, Post & Telegraphs	5.76		5.82
b) Others	735.27		722.38
PREPAID EXPENSES:			
	247.66		304.67
CLAIMS & OTHER RECOVERABLES:			
	4404.69	4100.63	
LESS: Provision for Doubtful Claims	<u>11.83</u>	<u>11.83</u>	4088.80
	<u>9742.38</u>	<u>12284.21</u>	
GRAND TOTAL	<u>85816.96</u>	<u>98268.72</u>	

DREDGING CORPORATION OF INDIA LIMITED



(₹ in Lakh)
Asat
31-3-2010

Asat
31-3-2011

SCHEDULE - VII Contd...

- Note:** 1. Inventories include Spares and Stores in Transit Inward ₹560.97 lakh (previous year ₹1500.47 lakh)
2. Cash on hand includes Franking Machine balance ₹0.02 lakh (previous year ₹0.01 lakh)
3. Advances recoverable in cash or kind include

	As at 31/3/11		As at 31/3/10	
	Max Amt.	Max Amt.	Max Amt.	Max Amt.
a) Tour advances to	during the year			
Chairman and Managing Director	0.00	0.00	0.00	0.00
Director(Finance)	0.00	0.10	0.00	0.00
Director(Operations & Technical)	0.00	0.40	0.00	0.50

b) Advance on Capital Works ₹40.16 lakhs (Previous year ₹398.12 lakh)

SCHEDULE - VIII CURRENT LIABILITIES AND PROVISIONS

A) CURRENT LIABILITIES:

i) Sundry Creditors (Note 1)	3118.11		5927.93	
ii) Deposits from contractors	226.90		340.27	
iii) Advances from customers	35.55		57.86	
iv) Other Liabilities	13637.84		15598.57	
v) Un-claimed Dividend	12.60	17031.00	12.16	21936.79

B) PROVISIONS:

i) For Proposed Dividend	0.00		840.00	
ii) For dividend Tax	0.00		139.51	
iii) For employee benefits	683.00		768.37	
iv) For contractual obligations	40.11	723.11	40.11	1787.99
		17754.11		23724.78

Note : (1) Sundry Creditors include:

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

Rs. in lakh

Nil
Nil

SCHEDULE - IX

OPERATING EARNINGS

Dredging Services	45787.30	64542.78
Less : Rebates / Discounts	1.66	1.87
	45785.64	64540.91

SCHEDULE - X

OTHER INCOME

Interest earned		
i) On Fixed Deposits	1229.00	2082.61
(Tax Deducted at Source ₹82.90Lakhs; Previous year ₹ 492.45 Lakhs)		
ii) On House Building and other Advances	18.01	29.74
iii) On tax refunds	311.32	-21.24
Sundry Receipts - Core dredging Services	4928.51	2762.58
	6486.84	4853.69

SCHEDULE - XI

OPERATIONAL EXPENSES

Pay and Benefits to Operational staff	4109.66	4959.71
Contribution to Provident and Other funds	82.47	81.45
Spares and stores	4160.60	6401.81
Repairs and Maintenance	2345.39	6785.80
Fuel and Lubricants	19948.29	17217.21
Insurance	1086.67	495.62
Other Operational Expenses (Note 2 to Schedule XV)	1194.37	12537.01
	32927.45	48478.61

DREDGING CORPORATION OF INDIA LIMITED



		(₹ in Lakh)	
		Year ended 31-3-2011	Year ended 31-3-2010
SCHEDULE - XII		ADMINISTRATIVE EXPENSES	
1. Pay and Benefits to Employees		2270.14	2055.76
2. Contribution to Provident and other funds		154.99	129.56
3. Remuneration to Directors (Note 3 of Schedule XIV)			
a) Chairman and Managing Director	22.81		24.02
b) Director (Finance)	22.52		21.39
c) Director (Operations & Technical)	<u>10.51</u>	55.84	<u>15.37</u>
4. Rent		40.32	44.77
5. Rates and Taxes		8.94	9.78
6. Other Establishment Expenses (Note 4 of Schedule XV)		<u>1059.73</u>	<u>917.45</u>
		<u>3589.96</u>	<u>3218.10</u>

SCHEDULE - XIII		PROVISIONS	
1. For doubtful debts		4235.97	3355.50
2. For unserviceable spares and stores		0.00	0.00
3. For impairment loss		0.00	3.01
4. For losses written off		<u>0.00</u>	<u>0.00</u>
		<u>4235.97</u>	<u>3358.51</u>

SCHEDULE - XIV		PRIOR PERIOD ADJUSTMENTS			
		Debit	Credit	Debit	Credit
EXPENDITURE:					
OPERATIONAL EXPENSES:					
1. Payments & Benefits to Employees (FS)		0.00	0.00	0.00	124.33
2. Fuel & Lubricants		0.00	0.00	0.00	0.00
3. Repairs & Maintenance		0.00	0.00	85.63	0.00
4. Spares and Stores		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		0.00	0.00	85.63	124.33
Net Debit		0.00	0.00	0.00	0.00
Net Credit		0.00	0.00	0.00	38.70

DREDGING CORPORATION OF INDIA LIMITED



					(₹ in Lakh)	
			Year ended		Year ended	
			31-3-2011		31-3-2010	
SCHEDULE - XV						
NOTES ON ACCOUNTS						
1. CONTINGENT LIABILITIES:						
a. Letters of Credit			145.31			556.66
b. Claims made against the Company not acknowledged as debts			4272.50			359.42
c. Estimated amount of contracts remaining to be executed on capital account and not provided for			136854.18			11704.14
d. Income Tax Demands received but disputed by the Company			1098.12			1791.54
2. BREAK-UP OF "OTHER OPERATIONAL EXPENSES" (REF. SCHEDULE - XI)						
1. Lodging expenses: Floating staff			94.76			110.69
2. Travelling, portorage & conveyance - Floating staff			82.43			78.41
3. Equipment transportation expenses			17.17			761.18
4. Direct works expenses:						
a) Boat/Tug hire charges	240.56				188.66	
b) Crane hire charges	2.71				4.19	
c) Pipeline laying/maintenance expenses	39.20				29.37	
d) Payments to contractors	91.19				189.29	
e) Others	269.57		643.23		10893.52	11305.03
5. Miscellaneous expenses			356.78			281.70
			<u>1194.37</u>			<u>12537.01</u>
3. BREAK-UP OF "REMUNERATION TO DIRECTORS" (REF. SCHEDULE - XII)						
	Chairman and Managing Director		Director (Finance)		Director (Ops.&Tech.)	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31-3-2011	31-3-2010	31-3-2011	31-3-2010	31-3-2011	31-3-2010*
1. Salary	20.90	22.43	20.72	20.02	9.94	14.40
2. Provident Fund contribution	1.47	1.39	1.38	1.20	0.44	0.77
3. Medical Expenses	0.44	0.20	0.42	0.17	0.13	0.20
	<u>22.81</u>	24.02	<u>22.52</u>	21.39	<u>10.51</u>	<u>15.37</u>
*part of the year						
4. BREAK-UP OF "OTHER ESTABLISHMENT EXPENSES" (REF. SCHEDULE - XII)						
1. Donations			0.04			1.06
2. Travelling expenses			402.00			393.96
3. Bank charges & guarantee fee			83.73			56.31
4. Printing & stationery			19.82			28.34
5. Postage, telegrams, phones & telex			37.93			40.36
6. Repairs and maintenance of building, vehicles and others			108.52			112.30
7. Expenditure on data processing			3.45			18.61
8. Advertisement & Publicity			15.94			17.23
9. Dailies & periodicals and cost of library			8.29			13.04
10. Remuneration to Auditors:						
a) As Auditors		2.50			2.50	
b) For other services		2.50	5.00		2.65	5.15
11. Tax Audit fees			0.40			0.40
12. Legal Adviser fee & expenses			9.60			11.85
13. Electricity, water charges			49.07			52.81
14. Expenses on seminars			32.12			16.41
15. Expenditure on Corporate Social Responsibility			140.00			0.00
16. Others			143.81			149.62
			<u>1059.73</u>			<u>917.45</u>

DREDGING CORPORATION OF INDIA LIMITED



	(₹ in Lakh)	
	Year ended 31-3-2011	Year ended 31-3-2010
SCHEDULE-XV Contd.		
5. EARNINGS IN FOREIGN EXCHANGE	0.00	0.00
6. VALUE OF IMPORTS		
a) Components and spare parts (CIF Value)	3665.93	6946.19
b) Value of imported spares and components consumed	3315.80	5623.94
c) Value of indigenous spares and components consumed	340.53	251.35
d) Percentage of imported spares & components consumed to total spares & components consumed	90.69	95.72
e) Percentage of indigenous spares & components consumed to total spares & components consumed	9.31	4.28
7. EXPENDITURE IN FOREIGN CURRENCY		
a) Interest paid on loans from Foreign Banks	0.00	13.65
b) Travelling	10.25	9.79
c) Chartering charges	48.25	5273.13
8. GENERAL		
a) Letters seeking confirmation of balances have been sent to Customers and replies from some of the Customers are awaited.		
b) The CEGAT issued orders during the year 2001-02 setting aside the earlier orders of the Customs Department levying duty of ₹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) Earnings Per Share:	<u>As on 31.03.2011</u>	<u>As on 31.03.2010</u>
i) Profit after Tax (₹Lakh)	3951.47	7005.38
ii) Weighted average number of Equity Shares (Nos.)		
Face Value ₹ 10/-per share	2,80,00,000	2,80,00,000
iii) Basic Earnings Per Share (in ₹)	14.11	25.02
e) In view of adoption of Tonnage Tax Scheme under Income Tax Act 1961, no provision is required for deferred tax liability/asset for the year.		
f) The Company has suspended the works at Sethusamudram Project w.e.f 16-07-2009. The Company approached the Ministry for revision of price on the cost plus basis and the same is pending with the Ministry of Shipping.		
g) 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 ₹1098 lakhs as per the orders of Assessing Authority.		
h) The income in respect of Haldia Project is on Cost Plus basis as in previous year and is recognised based on the contractual terms of payments and any adjustments are accounted for after the audit of relevant year's actual expenditure.		
i) Disclosure requirements under AS 15 on Employee benefits are given hereunder.		
<u>Defined Contribution Plan</u>		(₹ in lakhs)
Contribution to Defined Contribution Plan, recognized as expense for the year, is under:	2010-11	2009-10
Employer's Contribution to Provident Fund (inclusive of Contribution to Pension Fund)	237	211
The Company offers to its employees defined benefit plans in the form of Gratuity, Leave Encashment and Post-retirement Medical Benefits as given under.		
<u>Gratuity:</u> 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.		
<u>Leave Encashment:</u> 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.		
<u>Post retirement Medical benefits:</u> 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 ₹6.26 lakh (inclusive of member's contribution)		

DREDGING CORPORATION OF INDIA LIMITED



SCHEDULE-XV Contd.

(₹ in Lakh)

	Gratuity (Funded)	Leave Encashment (un funded)	
		Floating Staff	Shore Staff
I. Assumptions			
Mortality			
Discount Rate	8.17%	8.17%	8.17%
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)	6.28	4.75	6.28 & 4.77
II. Changes in present value of obligations			
PVO at beginning of period	1457	53	715
Interest Cost	99	4	53
Current Service Cost	117	11	89
Benefits paid	(444)	—	(103)
Actuarial (gain)/loss on obligation	354	(58)	(81)
PVO at end of the period	1584	10	673
III. Changes in fair value of plan assets			
Fair Value of Plan Assets at beginning of period	1457	—	—
Expected return on Plan Assets	103	—	—
Contributions	44	—	103
Benefits paid	(444)	—	(103)
Actuarial gain/(loss) on plan assets	(22)	—	—
Fair Value of Plan Assets at the end of period	1181	—	—
IV. Fair value of plan assets			
Fair Value of Plan Assets at beginning of period	1457	—	—
Actual return on Plan Assets	82	—	—
Contributions	44	—	103
Benefits paid	(444)	—	(103)
Fair Value of Plan Assets at end of period	1181	(10)	—
Funded Status	(403)	—	(673)
Excess of actual over estimated return on Plan Assets	(22)	—	—
V. Experience History			
Gain/loss on obligation due to change in Assumption	(9)	4	(4)
Experience (Gain) / Loss on obligation	364	(63)	(77)
Actuarial(Gain) / Loss on Plan Assets	(22)	—	—
VI. Actuarial Gain/(Loss) Recognized			
Actuarial Gain/(Loss) for the period (Obligation)	(354)	58	81
Actuarial Gain/(Loss) for the period (Plan Assets)	(22)	—	—
Total Gain/(Loss) for the period	(376)	58	81
Actuarial Gain/(Loss) recognized for the period	(376)	58	81
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



SCHEDULE-XV Contd.

(₹ in Lakh)

	Gratuity (Funded)	Leave Encashment (un funded)	
		Floating Staff	Shore Staff
VIII. Amounts recognized in the balance sheet and statement of profit & loss account			
PVO at end of period	1584	10	673
Fair Value of Plan Assets at end of period	1181	—	—
Funded Status	(403)	(10)	(673)
Unrecognized Actuarial Gain/(Loss)	—	—	—
Net Asset/(Liability) recognized in the balance sheet	(403)	(10)	(673)
IX. Expense recognized in the statement of P&L A/c			
Current Service Cost	118	11	89
Interest cost	99	4	53
Expected Return on Plan Assets	(103)	—	—
Net Actuarial (Gain) / Loss recognized for the period	376	(59)	81
Expense recognized in the statement of P&L A/c	489	(43)	61
X. Movements in the Liability recognized in Balance Sheet			
Opening Net Liability	—	53	716
Expenses as above	489	(43)	61
Contribution paid	(44)	—	(103)
Closing Net Liability	(403)	10	673
XI. Short Term Compensated Absence Liability			
Valuation date	31-03-2011	31-03-2011	31-03-2011
No. of days	—	1710	17652
Amount*	—	33	253

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

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

Provision for	Carrying amount at the beginning of the year (01-04-2010)	Additional provisions during the year	Amounts used during the year	Carrying amount at the end of the period (31-03-2011)
Employee benefits	768.37	0	85.37	683.00
Contractual obligations	40.11	0	0	40.11

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

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



SCHEDULE-XVI - ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

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

2. OPERATIONAL INCOME:

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

3. OTHER INCOME:

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

4. OPERATIONAL EXPENSES:

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

5. DEPRECIATION:

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

- a) Pipeline Equipment: 25% for Mild Steel Pipeline equipment and 12.5% for High Density polyethylene pipeline equipment.
- b) Second hand assets/retrofit of the vessels: as per the estimated balance service life.
- c) Building on lease: Cost of Buildings constructed on lease hold land is amortised over the lease period.
- d) Items of Fixed Assets whose cost does not exceed ₹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:

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

10. EMPLOYEE BENEFITS:

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

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

11. PROVISIONS, CONTINGENT LAIBILITIES & CONTINGENT ASSETS

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

For and on behalf of Board of Directors

-sd-
(P.V.RAMANA MURTHY)
Director (Finance) &
Chairman and Managing Director A/C

-sd-
(P.JAYAPAL)
Director (Ops. & Tech.)

PLACE : NEW DELHI
DATED : 30-05-2011

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

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

-sd-
(K.ASWINI SREEKANTH)
Company Secretary

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 31-03-2011. 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 30-05-2011 to Members of the Company.

For Rao & Narayan
Chartered Accountants

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	(₹ in Lakh)	
	YEAR ENDED 31-3-2011	YEAR ENDED 31-3-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	4487	7766
Less/Add: Profit/Loss on sale of assets	-6	1
	<u>4481</u>	<u>7767</u>
ADJUSTMENT FOR :		
Depreciation	7032	6602
Impairment loss	0	3
Interest Expense	0	10
Interest Income	(-)1247	(-)2112
Operating Profit before Working Capital Changes:	<u>5785</u>	<u>4503</u>
Working Capital changes		
Increase/decrease in inventory	(-)241	(-)766
Increase/decrease in Sundry Debtors	6526	(-)9677
Increase/decrease in other current Assets	3769	2953
Increase/decrease in trade payables	(-)10897	(-)5138
Cash generated from operations	<u>9423</u>	<u>(-)358</u>
Less: Interest paid	0	(-)14
Income Taxes paid	<u>797</u>	<u>(-)2305</u>
Net Cash from operating activities (A)	<u>10220</u>	<u>(-)2677</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(-)11547	(-) 6889
Proceeds from Sale of Equipments	0	0
Interest Received	1500	2905
Investments	0	0
Net Cash from investing activities (B)	<u>(-)10047</u>	<u>(-)3984</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long term Borrowings	0	0
Payment of Long Term Borrowings	0	(-) 551
Dividend paid	(-) 840	(-)1400
Corporate Dividend Tax	(-)140	(-)238
Net Cash from Financing Activities (C)	<u>(-)980</u>	<u>(-)2189</u>
Net increase/decrease in cash and cash equivalents (A+B+C)	<u>(-)807</u>	<u>(-)8850</u>
Cash & Equivalents as at 01.04.2010 (Opening Balance)	<u>24334</u>	<u>33184</u>
Cash & Equivalents as at 31.03.2011 (Closing Balance)	<u>23527</u>	<u>24334</u>

For and on behalf of Board of Directors

As per our Report of even date

For Rao & Narayan
Chartered Accountants

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

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

Chairman and Managing Director A/C

-sd-
(P.JAYAPAL)
Director (Ops. & Tech.)

-sd-
(K.ASWINI SREEKANTH)
Company Secretary

PLACE : NEW DELHI
DATED : 30-05-2011

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 35th ANNUAL GENERAL MEETING of the company held on 9th September, 2011 at 1100 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

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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 35th ANNUAL GENERAL MEETING of the company held on 9th September, 2011 at 1100 hrs. Siri Fort Auditorium, Siri Fort Cultural Complex, August Kranti Marg, New Delhi - 110049 or at any adjournment thereof.



Signed this day of month) 2011.

*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