

**37<sup>TH</sup> ANNUAL REPORT  
2012 - 2013**

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

**IMPORTANT**

**Sub: A Green Initiative in the Corporate Governance**

Dear Shareholder,

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

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

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

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

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

The form given below is also available at the website of the Company at [www.dredge-india.com](http://www.dredge-india.com)

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

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

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

**E-COMMUNICATION REGISTRATION FORM**

Folio No./ DP ID & Client ID : \_\_\_\_\_

Name of First Registered Shareholder : \_\_\_\_\_

Name(s) of Joint Shareholder(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_  
: \_\_\_\_\_  
: \_\_\_\_\_

E-mail address (to be registered) : \_\_\_\_\_  
: \_\_\_\_\_

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

Dated:.....

Signature of First Holder: .....

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



## DREDGING CORPORATION OF INDIA LIMITED

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For Hindi Version of the 37<sup>th</sup> Annual Report 2012-13 please write/ e-mail to the Company Secretary giving the Folio No. / DP ID & Client ID.

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

#### BOARD OF DIRECTORS

*Capt. D K Mohanty*  
Chairman and Managing Director

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

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

*Shri M.C.Jauhari*  
(from 21-06-2012)

*Shri B.Poijaamozhi*  
(from 03-04-2013)

*Dr.S.Narasimha Rao*

*Shri S.Balachandran*

*Shri Vinai Kumar Agarwal*

*Shri Rakesh Srivastava, I.A.S*  
(upto 21-06-2012)

#### GENERAL MANAGER (FIN.)

*Shri P. P. Govindachari*

#### COMPANY SECRETARY & COMPLIANCE OFFICER

*Shri K.Aswini Sreekanth*  
[sreekanth@dcil.gov.in](mailto:sreekanth@dcil.gov.in)

#### BANKERS

*Syndicate Bank*  
*State Bank of India*  
*BNP PARIBAS*

#### STATUTORY AUDITORS

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

#### REGISTERED OFFICE

*Core: 2. 1<sup>st</sup> Floor, "SCOPE MINAR"*  
*Plot No. 2A & 2B,*  
*Laxminagar District Centre,*  
*Delhi - 110 092.*

*Phone : 011 22448528 Fax : 011 22448527*

#### HEAD OFFICE

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

*Phone: 0891 2523250; Fax : 0891 2560581*

#### REGISTRARS & TRANSFER AGENT

*M/s. Karvy Computershare Private Limited*  
*Plot no.17 to 24, Vittalrao Nagar*  
*Hyderabad - 500 081*

*Phone : 040 44655000 Fax : 040 23420814*

*e-mail: einward.ris@karvy.com*



## DREDGING CORPORATION OF INDIA LIMITED

### NOTICE

**NOTICE** is hereby given that the 37<sup>th</sup> Annual General Meeting of the shareholders of Dredging Corporation of India Limited will be held at 1000 hrs on Thursday, the 26<sup>th</sup> September, 2013 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 2012-13, the audited Balance sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013 together with the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri B Poiyaamozhi, who retires as rotational Director and is eligible for re-appointment.
4. To appoint a Director in place of Dr. S. Narasimha Rao, who retires as rotational Director and is eligible for re-appointment.
5. To pass with or without modification, the following resolution as ordinary resolution for payment of remuneration to Statutory Auditors:  
"RESOLVED THAT pursuant to clause (aa) of Sub-Section (8) of Section 224 of the Companies Act, 1956, the remuneration of the Statutory Auditors of the Company, G R Kumar & Co., Chartered Accountants, appointed by Comptroller and Auditor General of India be and is hereby fixed at ₹2.50 lakh (Rupees two lakh and fifty thousand only) plus service tax as applicable for the year 2012-2013.

**By Order of the Board of Directors**

-sd/-

**(K.Aswini Sreekanth)**

**Company Secretary**

**Place :Visakhapatnam**

**Dated :21-08-2013**

#### **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 14<sup>th</sup> September, 2013 to 26<sup>th</sup> September, 2013 (both days inclusive).
3. Dividend on equity shares as recommended by the Directors for the Financial year ended 31<sup>st</sup> March, 2013, if declared at this Annual General Meeting will be paid to the shareholders whose names appear:
  - a) as beneficial owners at the end of the business hours on 13<sup>th</sup> September, 2013 as per the list to be furnished by Depositories in respect of the shares held in the electronic form and
  - b) as members in the Register of Members after giving effect to all valid share transfers in physical form lodged with the Company/ R & T Agent on or before 13<sup>th</sup> September, 2013.
4. Members holding shares in physical form are requested to furnish bank details by 13<sup>th</sup> September 2013 to our R & T Agent - M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Hyderabad- 500 081 in order to incorporate the same on the dividend warrants.
5. Shareholders holding shares in electronic form may kindly note that their Bank details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion/change in such Bank details. Shareholders who wish to change Bank details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account. Instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode.
6. Electronic Clearing Service (ECS) facility: With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic form and physical forms, in the cities where the facility for ECS is available. Shareholders holding shares in physical form, who wish to avail ECS facility may authorise Company with their ECS mandate in the prescribed form which may be obtained from Registrars & Transfer Agent, M/s. Karvy



## DREDGING CORPORATION OF INDIA LIMITED

Computershare Private Limited on request. The requests for payment of dividend through ECS for the year 2012-13 should be lodged with M/s Karvy Computershare Private Limited on or before, 13<sup>th</sup> September, 2013.

7. a) Members holding shares in physical form are requested to promptly notify any changes in their addresses to the R & T Agent of the Company, M/s Karvy Computershare Private Limited on or before 13<sup>th</sup> September, 2013.
- b) Shareholders holding shares in dematerialised form are requested to advise immediately change in their address, if any, quoting their Client ID No., to their respective Depository Participants.
8. 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 2005-06 declared at the AGM held on 28/09/2006 is due for transfer to the IEP Fund on 27/09/2013.

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

9. 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.
10. 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.
11. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the meeting.
12. Members seeking any information with regard to accounts are requested to write to the Company at the earliest to facilitate keeping the information ready.
13. Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance slip.
14. Brief resume of the Directors who are due to retire by rotation and are proposed to be re-appointed at this AGM is as under:-

### DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AT THE 37<sup>TH</sup> ANNUAL GENERAL MEETING

Name of the Director	B. Poiyaamozhi	Dr.S. Narasimha Rao
Date of Birth	07/08/1956	20/09/1941
Date of appointment	03/04/2013	06/12/2010
Qualifications	M.E.,	M.E., Ph.D, IIS, Bangalore
Expertise in specific functional areas	Harbour Engineering, Planning, Operation aspects including dredging, planning aspects of road/rail connectivity to ports etc.	Dredging, Rock, Characteristics, Soil exploration, design of foundations, structural systems for Ports, Jetties, Ocean Engineering, Civil Engineering
Shareholding in DCI	Nil	Nil
List of public Companies in which Directorship held	Kolkata Port Trust - Member	Karaikal Port Limited - Member



## DREDGING CORPORATION OF INDIA LIMITED

### DIRECTORS' REPORT FOR THE YEAR 2012-13

Your Directors have pleasure in presenting this 37<sup>th</sup> Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

#### CAPACITY AUGMENTATION

The long wait for capacity augmentation is finally over with the first and the second of the three state of the art Trailer Suction Hopper dredgers of 5500 Cu.M Hopper Capacity each ordered in 2010- DCI Dr.XIX and DCI Dr.XX, joining the fleet in December, 2012 and July, 2013 respectively. The third dredger is expected to join the fleet in February, 2014.

The addition of these dredgers will help the Company to meet the dredging commitments at various ports in an unhindered way as well as enable the Company to take up refurbishment of the existing aged dredgers so as to enhance their life as well as their efficiency.

In continuation of the steps taken for capacity augmentation, the Company proposes to order two 9000 Cu.M Hopper capacity TSHDs during the current 12<sup>th</sup> Plan period 2012-2017. The Company is sure that with the ongoing capacity augmentation, the performance will continue to improve over the years to come. The Company is having discussions with Ports for part financing the proposed new Dredgers

#### TAX FREE BONDS

During the year vide notification No. 46/2012F.No. 178/60/2012-(ITA.1) dated 6<sup>th</sup> November, 2012, Ministry of Finance, Govt. of India, authorised the Company to issue tax-free, secured, redeemable, non convertible bonds to an extent of ₹50000 lakhs for financing the capital acquisition plans. The public issue of the said Tax free Bonds was in March 2013, and the Company mobilized an amount of ₹5887.80 lakhs. The amount raised has been utilised for part payment of the third dredger – DCI Dr. XXI. The tenure of the bonds is 10 years. The coupon rate is 6.97% p.a. and additional coupon rate of 0.5% for original allottees of retail individual investors category. The Bonds are fully secured by way of charge of movable property in terms of the approval of the Ministry of Corporate Affairs, Government of India vide letter No. 07/01/2012-CL-VI dated 18/02/2013.

#### FINANCIAL RESULTS

The year witnessed 31% growth in the operations of the company with the operational income increasing to ₹63491.60 lakh as compared to ₹48469.02 lakh for the previous year. The other income is ₹310.38 lakh as compared to ₹1292.47 lakh for the previous year.

The total income for the year is ₹63801.98 lakh as compared to ₹49761.49 lakh for the previous year.

Profit after tax increased to ₹2050.90 lakh as compared to ₹1318.10 lakh for the previous year i.e a rise of 56%

The Company's earning per share for 2012-2013 is ₹7.32 as compared to ₹4.71 for the previous year.

#### DIVIDEND

Keeping in view the financial performance of the Company and other relevant considerations, your Directors have recommended payment of dividend @ 20% on the paid up capital of the company i.e ₹2 per equity share amounting to ₹655.20 lakh including dividend tax of ₹95.20 lakh for the year 2012-13. A sum of ₹160.00 lakh has been transferred to General Reserves for the year ended 31/03/2013.

#### DCI FLEET

The Company has, 11 Trailer Suction Hopper Dredgers (TSHDs), 3 Cutter Suction Dredgers (CSD) and one Back Hoe Dredger apart from other ancillary crafts. One more TSHD has joined the fleet in July, 2013. Ministry has given approval in March 2013 for decommissioning and disposal of the vessel Dredge V as scrap. The vessel is decommissioned in July, 2013 and the sale will be completed during the year. The dredger wise particulars as on date are as under: -

Craft	Year of Built	Hopper Capacity (Cu.M)	Pumping Capacity (Cu.M/hr)
<b>Trailer suction Hopper Dredger (TSHD)</b>			
DCI Dredge VI	1975	3770	-
DCI Dredge VIII	1977	6500	-
DCI Dredge IX	1984	4500	-
DCI Dredge XI	1986	4500	-
DCI Dredge XII	1990	4500	-
DCI Dredge XIV	1991	4500	-
DCI Dredge XV	1999	7400	-
DCI Dredge XVI	2000	7400	-
DCI Dredge XVII	2001	7400	-
DCI Dredge XIX	2012	5500	-
DCI Dredge XX	2013	5500	-
<b>Cutter suction Hopper Dredger (CSD)</b>			
DCI Dredge VII	1976	-	1000
DCI Dredge Aquarius	1977	-	2000
DCI Dredge-XVIII	2009	-	2000
<b>Back Hoe Dredger</b>			
DCI Dredge-BH1	2011	-	-



## DREDGING CORPORATION OF INDIA LIMITED

### DREDGING OPERATIONS

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

During the year under review, maintenance dredging contracts were executed for Kolkata Port, Visakhapatnam Port Trust, Gangavaram Port, Cochin Port, Kandla Port and Chettinadu Coal Terminal at Ennore. Capital Dredging Contracts were executed at Paradip Port, Ennore Port, Cochin Port and Kandla Port. The long pending dredging works at the ICTT of Cochin Port Trust was successfully completed and the container terminal was fully commissioned.

The above works were executed either under the existing contracts or renewal of the contracts entered into with the Ports etc., during the previous years or new contracts entered into during the year.

### CAPACITY UTILISATION

The capacity utilisation in number of days and quantity dredged as against the targets during the year is as under:-

	Target	Actual	% Utilisation
No. of Days	3376	2956	88%
Quantity (Lakh Cu.M)	741	593	80%

### MEMORANDUM OF UNDERSTANDING

The Company has signed Memorandum of Understanding (MOU) with Government of India for the year 2013-14. The Company is expecting a rating of "Very Good" for 2012-13.

### INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE

- All dredgers (except dumb vessels Dr - VII and Dr. XVIII) and Tug-VII of DCI hold valid Safety Management Certificates (SMC).
- DCI holds a Document of Compliance (DOC) valid till 24-06-2017. 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) and the certificate is valid up to 26<sup>th</sup> February' 2016. The QMS surveillance audit is being carried out every year by IRQS as part of certification of the system.

### ENVIRONMENTAL MANAGEMENT SYSTEM (ISO 14001:2004)

DCI is certified for Environmental Management System (ISO 14001:2004) and the certificate is valid up to 14<sup>th</sup> March' 2016. The EMS surveillance audit is being carried out every year by IRQS as part of certification of the system.

### MEMBERS/ INVESTOR SERVICES

The shares of the Company are listed on Delhi, Mumbai, Calcutta and National Stock Exchanges. The shares of the Company are dematerialised with both the depositories, NSDL and CDSL. The tax free bonds are listed with the Stock Exchange, Mumbai. 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 2012-13 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 2012-13.

### 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 (DVL) system to facilitate efficient dredging with potential energy saving.
  - While procuring new dredgers, fuel efficient design with advanced technology is selected.
  - Continuous efforts are being made to optimise the fuel consumption on board dredgers as cost of fuel constitutes approximately 35-40% of operational cost.



## DREDGING CORPORATION OF INDIA LIMITED

b) Technology absorption under Section 217 (1) (e): There was no transfer of technology and consequently there is no absorption of technology during the year.	
c) Foreign Exchange earnings and outgo Under Section 217 (1)(e):	(₹ In Lakhs)
i) Foreign Exchange Earnings:	0.00
<b>Total</b>	<b>0.00</b>
ii) Foreign Exchange outgo:	
a) Import of components and spares (CIF value)	5504.43
b) Payment of interest on foreign currency loan	146.84
c) Foreign travel	26.57
<b>Total</b>	<b>5677.84</b>

### IMPORT SUBSTITUTION

The Company has initiated action for design and manufacture of the spare parts indigenously in collaboration with another PSU.

### CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the DPE Guidelines and 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 31<sup>st</sup> March, 2013 was 620, as against 629 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 31<sup>st</sup> March, 2013 was SCs - 97, i.e., 15.65 % as against prescribed percentage of 16.66% and STs 31 i.e., 5% 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 10.39% 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 31<sup>st</sup> March, 2013 is 7 (seven), the group-wise break-up A, B, C & D is as furnished hereunder:-

Group	Sanctioned strength	Persons in position in identified posts	No. of persons with disabilities actually employed in identified posts	Percentage with reference to identified posts
A	181	33	2	6.06
B	81	44	2	4.54
C	78	71	3	4.22
D	08	05	Nil	Nil
Total	348	153	07	4.57

The overall percentage of Group 'A' & 'B' posts comes to 5.19% 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 3.95% 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<sup>st</sup> March, 2013 is 57 as against 45 as on 31<sup>st</sup> March, 2012. Out of them number of executives is 14 and Non-Executives is 43.

#### Compliance with Government's Policy on Women:

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

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

### EXISTING BENEFITS AND WELFARE MEASURES FOR THE WOMEN EMPLOYEES :

- i) The women employees in the Corporation are entitled to 180 days of Maternity Leave.





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- ii) Special Casual leave not exceeding 14 working days is sanctioned to regular women employees of the Corporation to undergo non-sterilisation.
- iii) One day special casual leave is allowed to the regular women employees of the Corporation who had ICUD insertions.
- iv) Basing on Apex Court's judgement and keeping in view the Government instructions on Sexual harassment of Women at work places, a 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.
- v) DCI is a Life Member of the Forum for Women in Public Sector and one women representative from DCI has been nominated to the above forum. Apart from the Trade Unions, the problems, if any, relating particularly to women employees are looked into as and when the same are brought to the notice of the Management.
- v) As a welfare measure, a Rest Room is provided exclusively for the women employees.
- vi) Working uniforms are provided to Group 'D' women employees, as per the scales prescribed in the Rules.
- vii) The women employees of DCI are sponsored to various in-house and also external training programmes. Out of 57 women employees, 18 had undergone training during the year 2012-13.
- viii) Women's Day was celebrated on 08.03.2013 in DCI.

### WAGE SETTLEMENTS

#### A. FLOATING ESTABLISHMENT :

- i) The INSA-MUI (FG/HT) Agreement in respect of Floating Officers, for the periods from 2012 to 2014 is due for revision w.e.f. 01.04.2012.
- ii) The INSA-NUSI Agreement, relating to HT Petty Officers for the periods 2012-15 has been implemented.
- iii) The Wage Agreement of Crew/MPWs for the period from 2012-15 has been implemented.

#### 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 in the Shore Establishment has been implemented w.e.f. 01.01.2007.

### INDUSTRIAL RELATIONS:

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

### WELFARE MEASURES:

The Corporation continued various welfare schemes viz., Family Pension Scheme, Group Gratuity Assurance Scheme, Personal Accident Insurance Coverage, Group Savings Linked Insurance Scheme, Contributory Provident Fund, Maternity Benefit Scheme, Subsidised Canteen Facility, Transport Subsidy, Medical Attendance, Leave Travel Concession, Incentive Scheme for acquiring higher qualifications, Merit Scholarships for the children of SC/ST employees, and Mediclaim medical attendance facility for the retired employees etc. Other welfare measures such as House Building Advance, HBA Interest Subsidy, HBA Family Security Mutual Fund, Special casual leave for maternity/paternity and incentives for adopting small family norms and advances for children's higher education, marriage and purchase of computer etc., are extended to the employees.

### HUMAN RESOURCES DEVELOPMENT

The Corporation is making sincere and concerted efforts for the overall development of Human Resources.

- i) During the year 2012-13, 268 employees were trained in various training programmes.
- ii) During the year 2012-13, 12 DCCP Apprentice Trainees and 8 Industrial Trainees were inducted for training for a period of 12 months.
- iii) One senior executive was sent to Antwerp, Belgium, to attend APEC Tailormade Course on "Port Planning and Management" organized by Antwerp/Flanders Port Training Centre VZW from 25.02.2013 to 08.03.2013.

### 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 record is also being maintained for monitoring the requests from public seeking information and the replies by the concerned are also being co-ordinated. Required periodical reports on the implementation of RTI/ Status of RTI replies are being furnished to the Ministry, CIC from time to time.

### 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 Joint General Manager (HSE) is designated as the Director of Public Grievances, As per the Ministry's guidelines, a status report is being submitted for the information of the Board of Directors at the Board meetings and a quarterly status report is forwarded to the Ministry. In line with the Ministry's direction, a Public Grievance Redressal and Monitoring System (PGRAMS) software was installed in the Computer Network in the Corporation, which works in hand-shake mode between the Ministry and the Corporation. Complaints received during the year were suitably taken care.

### 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 notified in the web-site also.



## DREDGING CORPORATION OF INDIA LIMITED

### PROGRESSIVE USE OF HINDI

- i) The Corporation continued its efforts to implement the Official Language Policy of the Government. An Incentive Scheme to award cash prizes, 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.
- ii) Hindi week was celebrated during September 2012. Table Training / work-shop was arranged for employees to impart working skills drafting & noting in Hindi, and operation of Bilingual software.
- iii) Computerisation of forms / correspondence and reports in Hindi, was implemented in various departments. Several formats, salary slips, PF Statements, letter-heads, visiting cards, banners and other items of stationery were got printed / made bilingual and the same were made available on the computers. Web-site information was also updated in Hindi. Unicode was installed in various functional Departments.
- iv) Issue of Office Orders / Circulars, Reports submitted to Government and Parliamentary Committees was ensured in bilingual. ISM Policy, ISM Code, all ISM Manuals, Safety Instructions, etc., were translated into Hindi and subsequent amendments are being updated from time to time. Correspondence in Hindi was extended to some more areas of work - such as RTI and Public Grievances.
- v) The officers of the Corporation actively participated in the meetings and activities of the Town Official Language Implementation Committee, Visakhapatnam during the year.

### CITIZEN'S CHARTER

As per the directives of the Government of India, 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 Citizens' Charter approved by the Competent Authority was posted on the Corporate website.

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

### ACTIVITIES OF VIGILANCE DEPARTMENT

During the year 2012-13 the Vigilance department has taken significant measures to integrate its activities with other departments of the Corporation and provide a pro-active orientation to interface it with managerial process. As a part of the same, periodic, surprise and CTE type inspections have been carried out and systemic deficiencies and irregularities noticed have been communicated to concerned departments for necessary action. Vigilance Awareness week was observed during 29<sup>th</sup> October 2012 to 3<sup>rd</sup> November, 2012. Vigilance web page on the Company's website has been redesigned incorporating various aspects of vigilance, besides launching of online complaint system. The Vigilance Bulletin "Alert" is being published for dissemination of the latest information and knowledge on vigilance.

### IMPLEMENTATION OF JUDGEMENTS/ ORDERS OF THE CAT

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

### STATUTORY AUDITORS

M/s G.R.Kumar & Co., Chartered Accountants, Visakhapatnam were appointed by the Comptroller and Auditor General of India as Statutory Auditors for auditing the accounts of the Company for the financial year 2012-13. 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 plus service tax as applicable for the year 2012-13 for approval of the Members at this AGM.

### INDEPENDENT AUDITORS' REPORT , C&AG COMMENTS AND MANAGEMENT COMMENTS TO THE QUALIFICATIONS IN INDEPENDENT AUDITOR'S REPORT

The Independent Auditor's Report on the Accounts for 2012-13 given by the Statutory Auditors is placed along with the Accounts. The Comments of the Comptroller and Auditor General of India on the Accounts for the year ended 31<sup>st</sup> March, 2013 are placed next to the Statutory Auditor's Report. The Statutory Auditors have qualified their Report as under:-

#### QUOTE

The Company has not recognized impairment of long term investments of ₹3,000 lacs (Last year : ₹3000 lacs) in M/s. SCL; which is not in accordance with para 17 of "AS-13 Accounting for investments" as prescribed under sub-section 3C of section 211 of the Act. The decline in investment value (other than temporary), is envisaged with reference to Investee's assets and results, prolonged litigation, expected cash flows, restrictions on distributions by Investee or disposal by Investor etc.

Had such provision been recognized, the profits of the Company for the year ended 31<sup>st</sup> March, 2013 and the reserves of the Company as at 31<sup>st</sup> March, 2013 would have been lower by ₹3,000 lacs; thereby resulting in net loss of ₹949.10 lacs.

#### UNQUOTE

#### The Management's reply to the qualification in the Auditors report is as under:

The Management is of the view that the qualification of the Auditors is unwarranted as Sethusamudram Corporation Limited (SCL) is a Special Purpose Vehicle floated solely for the purpose of the Sethusamudram Ship Channel Project (SSCP) with Central Government as majority shareholder holding 66% of the ₹745 Cr. paid up share capital along with Ports, SCL and DCI. The holding of DCI is ₹30Cr which is only about 4% of the paidup share capital of SCL. There is no private investment. It is incorrect to assume that there is any decline in



## **DREDGING CORPORATION OF INDIA LIMITED**

investment value unless any diminution is recognized as such by the Central Government - the major shareholder. SCL is a continuing entity though the dredging work has been stopped/frozen pending final verdict of the Apex Court. Principles of valuation of Trade investment are not relevant to this investment. Moreover, there has been no decline in the investee's assets and results as SCL's Balance Sheet as on 31/03/2012 showed a positive networth of ₹798.97 Cr. Further SCL has declared a pre-operative surplus of ₹1.91 Cr. for FY 2011-12 in their Annual Report. It is a strategic investment by DCI to grow its business over a long term. Long term investment is to be carried at cost. Unless there are published documents/ financial reports evidencing a decline in the carrying cost, Statutory Auditor's qualification is inappropriate. The factual position in this regard is adequately covered in Notes to the Financial Statements 2012-13.

The Comptroller and Auditor General of India has issued "Nil Comments" Certificate on the accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### **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.

Ministry of shipping vide its letter dated 21/6/12 communicated appointment of Shri M.C.Jauhari, Joint Secretary (Shipping), MoS as part-time official Director of the Company in place of Shri Rakesh Srivastava, who has relinquished charge as Joint Secretary (Ports).

Ministry of Shipping vide its letter dated 03/04/2013 communicated appointment of Shri B. Poiyaamozhi, Development Advisor (Ports), MoS as part-time official Director of the Company. Shri B. Poiyaamozhi has taken over charge as part-time official Director of the Company w.e.f. 03/04/2013.

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

### **ACKNOWLEDGEMENTS**

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

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

**For and on behalf of the Board of Directors**

**Place : Visakhapatnam**

**Date : 21/08/2013**

**CAPT. D.K.MOHANTY  
CHAIRMAN AND MANAGING DIRECTOR**



# DREDGING CORPORATION OF INDIA LIMITED

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-13

### 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 31/03/2013:** Pursuant to the Articles of Association of the Company, all the Directors are appointed by the President of India. The Company could not meet the requirements of the Corporate Governance with regard to composition of Independent Directors. Non-Official Part-time Directors are Independent Directors. The composition of the Board as on 31/03/2013 is as under:

Name	Executive/ Non-Executive	Official/ Non-Official	Age	Qualifications
i) Capt. D.K.Mohanty Chairman and Managing Director	Executive	Whole-time official	58	Master(FG)
ii) Shri P.V.Ramana Murthy, Director (Finance)	Executive	Whole-time official	58	B.Com,ACA
iii) Cmde. P. Jayapal, (Retd.) Director (Operations and Technical)	Executive	Whole-time official	58	Master(FG) Charge Hydrographic Surveyor
iv) Shri . M. C. Jauhari	Non-Executive	Part-time official	51	M.Sc
v) Shri . S.Balachandran	Non-Executive	Part-time Non-official	67	M.Sc
vi) Dr. S. Narasimha Rao	Non-Executive	Part-time Non-official	72	M.E, Ph.D
vii) Shri Vinai Kumar Agarwal	Non-Executive	Part-time Non-official	62	BE

### ii Changes in Board of Directors during 2012-13:

Director	Date	Nature of Change
i) Shri Rakesh Srivastava Part-time Official Director	21/06/2012	Cessation
ii) Shri M. C. Jauhari Part-time Official Director	21/06/2012	Appointment

### iii Changes in Board of Directors from 1/4/13 till date of report:

Director	Date	Nature of Change
i) Shri B. Poiyaamozhi Part-time Official Director	03/04/2013	Appointment

### iv Brief profile of the Directors appointed/re-appointed from 01/04/2012 till date of report.

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

**Shri B. Poiyaamozhi :** He has completed his B.E in 1977 from Annamalai University, Tamilnadu and M.E in 1984 from College of Engineering, Guindy, Chennai. He is a member of Institution of Engineers, Kolkata and PIANC, Belgium. He has previous experience in Chennai Port Trust, Chennai in the field of civil engineering and Development advisor (Ports) in Ministry of Shipping. He is a Director on the Board of Kolkata Port Trust. His area of expertise includes Ports and Harbour Engineering, Planning, Operation aspects including dredging, planning aspects of Road/Rail connectivity to ports etc.,

### v Attendance Record of Directors : 2012-13

Eleven Board Meetings were held during the year 2012-13. Attendance of Directors at the meetings of Board of Directors during the financial year 2012-13 and the last Annual General Meeting held on 28.09.2012 is as follows:-

Name of the Director	No. of Board Meetings		Attended last AGM (28/09/12)
	During tenure	Attended	
1. Capt.D.K.Mohanty, CMD	11	11	Yes
2. Shri P.V.Ramana Murthy, DFN	11	11	Yes
3. Cmde. P. Jayapal, (Retd.), DOT	11	11	Yes
4. Shri Rakesh Srivastava	3	0	NA
5. Shri M. C. Jauhari	8	8	No
6. Shri S. Balachandran	11	11	Yes
7. Dr.S.Narasimha Rao	11	8	No
8. Shri Vinai Kumar Agarwal	11	10	Yes



## DREDGING CORPORATION OF INDIA LIMITED

### vi Number of other Boards / Board Committees in which Directors are Members/ Chairperson for 2012-13:

Director	No. of outside position held	
	Directorships	Committee
1. Capt.D.K.Mohanty, CMD	2	-
2. Shri P.V.Ramana Murthy, DFN	-	-
3. Cmde. P. Jayapal (Retd.), DOT	-	-
4. Shri M. C. Jauhari	2	-
5. Shri S. Balachandran	4	4
6. Dr. S. Narasimha Rao	1	-
7. Shri Vinai Kumar Agarwal	2	1

### vii Details of Board Meetings held during 2012-13

Sl.No.	Date	Place	No. of Directors Present
1.	07/05/2012	Visakhapatnam	6
2.	28/05/2012	Delhi	6
3.	11/06/2012	Visakhapatnam	6
4.	13/08/2012	Delhi	7
5.	06/09/2012	Delhi	6
6.	27/09/2012	Delhi	6
7.	10/11/2012	Delhi	7
8.	19/11/2012	Delhi	7
9.	12/12/2012	Delhi	7
10.	07/02/2013	Delhi	6
11.	22/02/2013	Delhi	6

### 3 AUDIT COMMITTEE

i The Audit Committee is constituted in accordance with the requirements of the provisions of the Companies Act, 1956, DPE Guidelines 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 31-03-2013 is as under :-

1. Shri S. Balachandran : Chairman
2. Dr.S.Narasimha Rao : Member
3. Shri Vinai Kumar Agarwal : Member

#### iii Meetings of the Audit Committee and attendance during the year 2012-13:

##### Details of Audit Committee Meetings held :

Sl.No.	Date	Place	No. of Members Present
1.	07/05/2012	Visakhapatnam	3
2.	28/05/2012	Delhi	3
3.	11/06/2012	Visakhapatnam	3
4.	13/08/2012	Delhi	3
5.	09/11/2012	Delhi	3
6.	06/02/2013	Delhi	2

##### Details of attendance :

Sl. No. Name of the Director	No. of Meetings	
	During tenure	Attended
1. Shri S. Balachandran	6	6
2. Dr.S.Narasimha Rao	6	5
3. Shri Vinai Kumar Agarwal	6	6
4. Shri Rakesh Srivastava (ceased to be director on 21/6/2012)	3	0



## DREDGING CORPORATION OF INDIA LIMITED

### 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 @ ₹10,000/- for each Board meeting and each committee meeting they attend.
- 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 and sitting fees payable for part-time non-official for Board/Committee meetings held during 2012-13 is as under :-

(₹ in lakhs)

Name of the Director	Salary	Performance Related Incentive	Sitting Fees	Total
<b>Executive Directors (Whole-time)</b>				
1. Capt.D.K. Mohanty, CMD	25.52	-	-	25.52
2. Shri P.V.Ramana Murthy, DFN	22.42	-	-	22.42
3. Cmde. P. Jayapal, (Retd.), DOT	22.73	-	-	22.73
<b>Non- Executive Directors (Part-time Non-official/ Independent)</b>				
4. Shri S.Balachandran	-	-	2.90	2.90
5. Dr. S.Narasimha Rao	-	-	1.70	1.70
6. Shri Vinai Kumar Agarwal	-	-	2.00	2.00

Part-time official Directors are not paid any remuneration. In addition to the above, wherever necessary, the travelling, hotel and other related expenditure is being arranged/ reimbursed to the Directors for attending the Board and other meetings.

- vi. The Non-Executive Directors do not hold any shares in the Company.
- vii. The Company presently does not have any Stock Option Scheme.

### 5. SHAREHOLDERS COMMITTEE

#### SHAREHOLDERS/ INVESTOR GRIEVANCE COMMITTEE

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

- i. The constitution of the Shareholders/ Investors Grievance Committee as on 31/3/2013 is as under :-

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

The Committee held a meeting on 13/04/2013 for consideration of the Shareholders/Investor Grievances for the year 2012-13.

- ii. K.Aswni Sreekanth, Company Secretary is designated as Compliance Officer.
- iii. A total of 47 complaints were received during the year 2012-13, There is no pending complaint as on 31/03/13.
- iv. Every effort was made to resolve the complaints to the satisfaction of the investors by the Company and R&T Agents.

#### SHARE TRANSFER COMMITTEE

The Company has a Share Transfer Committee constituted in the year 1997. The Share Transfer Committee has Chairman and Managing Director, Director (Finance) and Director (Operations & Technical) as members. The Committee is authorized to approve transfer and transmission of shares of the Company. Share transfer/ transmission and other important matters are attended in time under the control of Company Secretary. As on 31-3-13, the company had 51,046 shareholders. During the year, 460 shares were transferred covering 463 requests of shares for share transfers. The company has been taking all steps to ensure that shareholder related activities are given top priority and matters are attended to immediately. M/s Karvy Computershare Private Limited, Hyderabad is the Registrar and Transfer Agent of the Company providing the services of physical share registry work and electronic interface facility with the depositories.

### 6 ANNUAL GENERAL MEETINGS

- i. Details of Annual General Meetings:

	2009-10	2010-11	2011-12	2012-13 (Current year)
	34 <sup>th</sup> AGM	35 <sup>th</sup> AGM	36 <sup>th</sup> AGM	37 <sup>th</sup> AGM
1. Date	08-9-2010	09-9-2011	28-9-2012	26-9-2013
2. Time	1600 hrs.	1100 hrs.	1000 hrs.	1000 hrs.
3. Venue	Air Force Auditorium Subroto Park New Delhi - 110010	Siri Fort Auditorium August Kranti Marg Delhi - 110049	Siri Fort Auditorium August Kranti Marg New Delhi - 110049	Siri Fort Auditorium August Kranti Marg New Delhi - 110049

- ii. During the previous three years, no special resolution was passed.

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- iii. During the previous year, no special resolution was passed through postal ballot.
- iv. There is no proposal before the AGM of this year requiring conduct of business 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 2012-13 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 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. The Company is also following the guidelines issued by the Government except to the requirement of composition of Board of Directors as stated at the beginning of this report.
- 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. There are no items of expenditure debited in the books of accounts which are not for the purposes of the business. There are no expenses incurred which are in personal nature and incurred for the Board of Directors and top management.
- vii. **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.
- viii a) **Code of Conduct for Board Members and Senior Management:** The Board in its 204<sup>th</sup> 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 lays 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](http://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 2012-13.

Place: Visakhapatnam  
Date: 17-07-2013

-Sd-  
(Capt. D.K. Mohanty)  
Chairman and Managing Director"

- b) During the year under review, the Company has raised an amount of ₹5887.80 lakhs through public issue of tax free Bonds.
- c) The Company does not have any subsidiary company.
- d) All major contracts before being undertaken by the Company are subjected to risk assessment at different departmental levels in the Company as per different Government guidelines.
- e) The Management Discussion and Analysis Report forms part of this Annual Report.
- f) No disclosures have been received to the Board from any senior management regarding any personal interest that may have conflict with the interest of the Company at large in any material financial and commercial transaction.
- g) The CEO and CFO i.e., Chairman and Managing Director Capt. D. K. Mohanty and Director (Finance), Shri P.V. Ramana Murthy, have provided the prescribed certification as contained in Clause 49 (V) regarding the financial statements for the year 2012-13.
- 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.



## DREDGING CORPORATION OF INDIA LIMITED

### 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 Board 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 following are the members of the Committee as on 31/3/13:-

- a) Shri S. Balachandran
- b) Shri Vinai Kumar Agarwal

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. The results are also published in the newspapers within the time limits prescribed under the Listing Agreement.

#### iv) Audit Qualification

The Qualifications made by the Statutory Auditors and the Management's reply thereon is given in the Director's Report.

#### 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 executive Directors participate in the Seminars & conferences of professional bodies.

#### vi) Mechanism for evaluating non-executive Members

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

#### vii) Whistle Blower Policy

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

### 8. Means of Communication:

#### i. Quarterly Results

The schedule of consideration of quarterly results by the Board for the year 2013-2014 is as under:

- a) Results for the 1<sup>st</sup> quarter ending 30<sup>th</sup> June, 2013 : 27-07-2013.
  - b) Results for the 2<sup>nd</sup> quarter ending 30<sup>th</sup> Sept. 2013 : On or before 14-11-2013.
  - c) Results for the 3<sup>rd</sup> quarter ending 31<sup>st</sup> Dec. 2013 : On or before 14-02-2014.
  - d) Audited results for the year ending 31<sup>st</sup> Mar., 2014 : On or before 30-05-2014.
- ii. The Results are published in the English newspaper - "Business Line" - all editions and in the Hindi newspaper - "The Hindustan" upto results for quarter/period ending 31/12/12 and "Navbharat" from results for quarter/period ending 31/3/13 - 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](http://www.dredge-india.com) after consideration and taking on record by the Board.
- iv. The website of the Company - [www.dredge-india.com](http://www.dredge-india.com) displays the official news releases, if any.
- v. The website of the Company - [www.dredge-india.com](http://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 –  
Date, Time & Venue : 26<sup>th</sup> September, 2013 at 1000 hrs. in Siri Fort Auditorium, August Kranti Marg, New Delhi - 110049
- ii. Financial Year : 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.
- iii. Date of Book closure : 14/09/2013 to 26/09/2013 (both days inclusive)
- iv. Date of payment of dividend : The dividend after declaration by the shareholders in the 37<sup>th</sup> AGM to be held on 26-09-13 would be paid tentatively by last week of October, 2013
- v. Listing on Stock Exchanges :-  
Name and address of the Exchange : Stock/ Scrip Code  
a) National Stock Exchange of India Limited : DREDGECORP  
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051  
b) Delhi Stock Exchange Ltd. : 6398  
DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002





## DREDGING CORPORATION OF INDIA LIMITED

- c) Bombay Stock Exchange Limited, 25<sup>th</sup> Floor, New Trading Ring, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 523618
- d) Calcutta Stock Exchange Ltd. 14050  
7, Lyons Range, Kolkata - 700 001.

Annual Listing fee for the financial year 2012-2013 has been paid to all the Stock Exchanges

- vi. ISIN No. for trading in demat form: INE 506A01018
- vii. Market price data of the Company in comparison to BSE Sensex and NSE (S&P CNX NIFTY) during 2012-2013

Month	BSE Share Price (₹)		BSE SENSEX		NSE Share Price (₹)		NSE(S&PCNXNIFTY)	
	High	Low	High	Low	High	Low	High	Low
April' 12	292.15	248.00	17664.10	17010.16	289.80	247.30	5944.45	5693.25
May' 12	282.65	227.50	17432.33	15809.71	282.50	225.20	5775.25	5328.70
June' 12	274.35	243.00	17448.48	15748.98	274.35	241.15	5657.90	5195.90
July' 12	278.60	241.25	17631.19	16598.48	284.50	237.00	5740.40	5453.95
August' 12	251.40	236.80	17972.54	17026.97	285.60	230.55	5551.90	4720.00
September' 12	255.70	241.55	18869.94	17250.80	265.85	241.55	5169.25	4758.85
October' 12	253.95	232.00	19137.29	18393.42	265.90	234.00	5399.70	4728.30
November' 12	241.85	228.00	19372.70	18255.69	253.05	227.15	5326.45	4639.10
December' 12	249.50	223.50	19612.18	19149.03	249.40	223.20	5099.25	4531.15
January' 13	248.00	214.00	20203.66	19508.93	249.00	214.50	5217.00	4588.05
February' 13	251.75	181.60	19966.69	18793.97	251.90	190.95	5629.95	5159.00
March'13	243.35	190.95	19754.66	18568.43	242.90	190.50	5499.40	5135.95

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

The Tax free Bonds are listed on The Stock Exchange, Mumbai

**viii. Registrar and share transfer agents:**

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

**ix. Share Transfer System:**

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

**x. Distribution of shareholding as on 31/03/2013:**

Category	No. of shares held	Percentage of shareholding
<b>A. Promoter Group</b>		
1 Indian (President of India and his nominees)	21997700	78.56
2 Foreign	-	-
<b>Total shareholding A = A (1) + A(2)</b>	<b>21997700</b>	<b>78.56</b>
<b>B. Public Shareholding</b>		
1 Institutional		
a. Mutual funds and UTI	152	0.00
b. Financial Institutions/Banks	1046281	3.74
c. Central / State Govt. (s)	0.00	0.00
d. Venture Capital Funds	0.00	0.00
e. Insurance Companies	1457791	5.21
f. Foreign Institutional Investors	773194	2.76
g. Foreign Venture Capital Investors	-	-
h. Any other	-	-
<b>Sub - total B (1)</b>	<b>3277418</b>	<b>11.71</b>
<b>2 Non-Institutions</b>		
a Bodies Corporate	372152	1.33
b Individuals		
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	2157757	7.71
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	125780	0.45
c Any Other (Specify)		
(i) Non-resident Indians	49918	0.17
(ii) Trusts	14114	0.05
(iii) Clearing Members	5161	0.02
<b>Sub - total- B (2)</b>	<b>2724882</b>	<b>9.73</b>
<b>Total Public Shareholding B = B(1) + B (2)</b>	<b>6002300</b>	<b>21.44</b>
<b>GRAND TOTAL A+ B</b>	<b>28,000,000</b>	<b>100.00</b>



## DREDGING CORPORATION OF INDIA LIMITED

### **xi Dematerialisation/ Rematerialisation of Shares and liquidity :**

The shares of the Company are traded compulsorily in dematerialised form. Out of 2,80,00,000 fully paid up shares of ₹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 31.03.2013, of the 60,02,300 shares held by others, 59,97,160 are held in dematerialised form. In the year 2012-13, 21997715 shares have been dematerialized covering 3 demat requests. During the year, 632 shares were rematerialised and share certificates issued covering 55 requests for Rematerialisation of Shares. The 2,19,97,700 shares (78.56%) held in the name of President of India were dematerialised during the year thus complying with the SEBI requirement.

### **xii 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.

### **xiii Project Locations :**

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

### **xiv.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  
e-mail : [sreekanth@dci.gov.in](mailto:sreekanth@dci.gov.in)

#### **Registrar & Transfer Agent :-**

UNIT: Dredging Corporation of India Ltd.  
Karvy Computershare Private Limited  
Plot No. 17- 24, Vittal Rao Nagar, Madhapur  
Hyderabad- 500 081  
Phone : (040) 44655000  
Fax : (040) 23420814  
[einward.ris@karvy.com](mailto:einward.ris@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 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



## DREDGING CORPORATION OF INDIA LIMITED

- 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 the meetings are entered in the Minutes Book within 30 days from the date of conclusion of the meeting.
- e. Reconciliation of Share Capital Audit Report :**  
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 2012-13 for the purpose of reconciliation of total admitted capital with both the depositories and the total issued and listed capital of the Company. The Reconciliation of Share Capital Audit Report obtained from M/s P.N.Rao & Co., Company Secretaries, Visakhapatnam was submitted to the Delhi, Mumbai, Calcutta and National Stock Exchanges for all the quarters and was also placed before the Board for information.
- f.** As per the Listing Agreement, financial results and shareholding pattern are filed on Corporate Filing and Dissemination System (CFDS) website maintained by National Informatics Centre (NIC). The Company Secretary as the Compliance Officer is responsible for filing the above information in the CFDS. The financial results are also filed in NEAPS.
- g.** Subject to the provisions of the Act and to such directives and/ or instructions as the president may issue from time to time under these Articles, the business of the Company is managed by the Board of Directors who may exercise all such powers and do all such acts and things as the Company is authorised to exercise and do and who may, from time to time delegate such powers to the Chairman and/or Managing Directors as may be necessary for proper conduct of the business of the Company. Accordingly Board of Directors of the Company have delegated certain powers to the Chairman and Managing Director and also to the other functional Directors.
- 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.

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### 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 31<sup>st</sup> March 2013, as stipulated in Clause 49 of the listing agreement of the Company with Stock exchanges in India and as issued by DPE.

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

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

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

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

Place : Visakhapatnam  
Date : 21/08/2013

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



### INDIAN DREDGING - OUTLOOK & POLICY GUIDELINES

1. India is a major maritime nation by virtue of its long coast line of around 7517 kilometers on the western and eastern shelves of the mainland and also along the islands, bejeweled with 13 Major Ports under the administrative control of the MoS and 176 Non-Major Ports under the administrative control of the Government of India ("GoI") and State Governments and the private ports, strategically located on the world's shipping routes, its long tradition of seafaring with a large pool of trained maritime personnel and its dynamic and rapidly globalizing economy with a vast potential to expand its participation in trade and development. A few such ports are natural harbours with sufficient water depth to handle vessels plying cargo to and from them. Most of the other ports require capital dredging to expand vessel size handling capability and maintenance dredging for maintenance of their existing/expanded capability to berth vessels of different shapes and sizes.

1.1. The Indian dredging market consists primarily of maintenance dredging and capital dredging in addition to a limited amount of inland dredging, beach nourishment and reclamation dredging, and we are a very prominent player on account of our expertise in this highly technical and skilled sphere of business.

1.2. As per the report of the Working Group for Ports Sector for 12<sup>th</sup> Plan, a total quantity of 675.25 MCM and 429.99 MCM had been planned for capital and maintenance dredging respectively for all the ports in the country during the 11<sup>th</sup> Plan. This quantity includes the dredging to be done for fishing harbours also besides the major and non major ports. Against this targeted plan, only 278.93 MCM and 291.63 CM had been achieved under the capital and maintenance dredging respectively. This constitutes 41.31% and 67.82% against the targeted quantity. The major ports achieved 31.97% of the targeted quantity, the non-major ports achievement was 49.55% in capital dredging work. In maintenance dredging work, the figures are 68.89% and 59.92% respectively. The shortfall in achieving the set target is due to many factors. Delay or failure to takeoff number of port development projects, financial and environmental constraints, the need to carry out engineering studies to assess the quantum of dredging and the type of dredging to be performed, poor response from bidders to undertake the work are some of the reasons attributable to the shortfall. Overall, the ports had done better in achieving the target in maintenance dredging. The non major ports had done better than the major ports in capital dredging work.

2. Dredging requirement for 12<sup>th</sup> Plan period

The capital dredging requirements for major ports during the 12<sup>th</sup> plan period stem from the various port projects planned by the major ports. Ports of Kolkata, Paradip, Visakhapatnam, Ennore, Chennai, Tuticorin, Mormugao, Jawaharlal Nehru and Kandla are planning to undertake the capital dredging of quantities more than 10 MCM. The capital dredging quantities in respect of other major ports are less than 10 MCM. The total quantity planned is 221.11 MCM of all the 12 major ports including the requirement for Navy. The projection for maintenance dredging at Major Ports is 404.25 MCM. In total, the requirement is 625.36 MCM which is almost at the same level when (92.5%) compared with 676.34 MCM projected for the major ports during 11<sup>th</sup> Five Year plan. The non major ports have projected a total requirement of 543.61 MCM of which 418.03 MCM is for capital dredging and 128.58 MCM is for maintenance dredging. When compared with the projection of 368.59 MCM and 46.41 MCM respectively for capital and maintenance dredging during 11<sup>th</sup> Five year plan, there is an increase of nearly 31%. Capital dredging requirement of the State of Orissa, Andhra Pradesh and Gujarat constitute 57.8% of total capital dredging due to development of Gopalpur and Dhamra ports in Orissa, development of Machilipatnam, Krishnapatnam, Kakinada and Gangavaram ports in Andhra Pradesh, and development of Hazira port in Gujarat state.

3. The 12<sup>th</sup> plan dredging requirements, if achieved, will enable all the Major Ports (except Kolkata) and non-Major Ports to handle the vessels with 14 meters draft at the end of 12<sup>th</sup> plan period. In case transloading facilities installed at sandheads by Kolkata Port, then Kolkata Port can also handle 14 m draft vessels.

4. The Ministry during the year formulated the Maritime Agenda 2020 which is the perspective plan of the Ministry for this decade. It identifies the priority areas for Government intervention and is a road map for creation and upgradation of infrastructure in the Ports and also for augmentation of Indian tonnage in the shipping sector. The document says that Shipping lines have been representing time and again that port charges at Indian Ports are very high as compared to other comparable International Ports. As a matter of fact, vessel related charges are perhaps higher than some of the International Ports whereas cargo related charges are much lower in some Indian Ports in comparison to ports abroad. The document says that if Vessel related charges alone are taken, the reasons for higher charges are mainly two: (1) higher cost of dredging in certain ports, requiring perennial dredging and (2) lack of subsidy on the part of Government. In many parts of the world, some part of dredging (at least Capital) is funded by Provincial Governments or Federal Governments. If the same approach is adopted by Central Government or State Governments, the vessel related charges also could be brought to the reasonable levels. The document says that Major Ports in India have drawn up some ambitious expansion plans during the next decade including several dredging major dredging projects by some ports, thereby intending to create substantial additional capacity. The dredging projects are mainly for deepening of channels, enhancing the available draft at berths or for construction of more berths.

5. DCI participates in the open competitive bids for dredging issued by major ports as per the dredging policy guidelines issued by Ministry of Shipping. DCI has secured the dredging project for Kandla port on open tender basis. Further, as per the dredging policy, Government of India reserves the right to assign in public interest any contract for dredging work in any of the major ports on nomination.



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6. With the entry of global players either directly or through their Indian arms competing to get the contracts at competitive rates has constrained DCI to quote competitively. This has put the financials of the Company under severe strain because of increasing cost due to frequent repairs and lay-up of the ageing dredgers. The addition of the dredgers XIX and XX to the fleet in December, 2012 and July, 2013 has augmented the capacity of the Company. The third Dredger is expected to join in February 2014.

### 7. CORPORATE PERFORMANCE

#### CAPACITY UTILISATION

The capacity utilisation in number of days and quantity dredged as against the targets during the year is as under:-

	Target	Actual	% Utilisation
No.of Days	3376	2956	88%
Quantity (Lakh Cu.M)	741	593	80%

#### FINANCIAL PERFORMANCE

	2012-13	2011-12
Income from Operations	63492	48469
Other income	310	1292
Total turnover	63802	49761
Profit before interest, depreciation and tax	11322	10551
Interest	147	0
Depreciation	9015	8795
Profit Before Tax	2160	1756
Provision for Tax	109	438
Profit after Tax	2051	1318
Proposed/Declared Dividend (20%)	560	Nil
Earnings Per Share (₹)	7.32	4.71
Book Value per share (₹)	498.46	493.47

### 8. OUR COMPETITIVE STRENGTHS

We believe that we are well -positioned to maintain and enhance our leadership position in the Indian dredging market, on account of our competitive strengths, which include the following:

#### **Premier and the only PSU dredging company in India**

We are a premier and the only PSU dredging company in India. We are also the preferred dredging company for Major Ports and the Indian Navy. We have been in this business since 1976 and have been catering to the dredging requirements of the major ports/ Indian Navy since then. Owing to the long association with the Major Ports, our Company is the most preferred company for dredging requirements of most of the Major Ports and the Indian Navy.

#### **Flexible portfolio of dredging assets**

Our Company operates a diverse dredging fleet which is the largest in India in terms of capacity. The size, versatility and technical capabilities of our fleet improves its competitiveness as it generally permits our Company to select the appropriate equipment for a particular maintenance dredging job. To maintain the value and effectiveness of fleet, the Company emphasizes preventive maintenance so as to reduce the downtime, increase profitability, enhance the vessel life.

#### **Strong relationships with Customers**

Our Company caters to the dredging requirements of the Major Ports and the Indian Navy right from its inception in 1976 and has a better understanding of the dredging requirements of the Indian Ports. Our Company is the leader in maintenance dredging in India through its combination of usage of advanced equipment and experience. Our Company believes that its size as the largest dredging company in India and its extensive experience significantly enhanced its ability to profitably bid for and complete the contracts awarded to it.

#### **Experienced management team**

Our Company's senior managers have vast experience in the dredging and maritime industries. Our Company believes that this experience provides the Company with a significant advantage over its competitors. The Company's floating personnel who manage the dredgers and the management team who give the support services are well trained professionals having vast experience in the dredging and maritime industries

### 9. OUR STRATEGIES

We intend to increase income from operations and strengthen our domestic and international competitive position by expanding our operations in both our traditional and new dredging services and adopting a pro-active marketing strategy for our domestic and foreign operations. We aim to achieve our mission by pursuing the following business strategies:

#### **Enhancement of market share in maintenance dredging and more participation in capital dredging in India**

With the addition of the two new dredgers in December 2012 and July 2013 respectively and third dredger by February 2014 respectively of higher capacity, our Company expects to maintain its domestic leadership position in maintenance dredging by becoming more customer-focused and tailoring marketing initiatives that differentiate between specific groups of customers. In particular, it is consolidating its relationships with the Major Ports and developing marketing efforts aimed at non-Major Ports and new private port



## DREDGING CORPORATION OF INDIA LIMITED

developers in India. Also at present company is undertaking Capital dredging assignment at Ennore Port and Kandla Port. We plan to undertake more such assignments subject to the availability of the fleet.

### **Making forays in foreign dredging market**

Apart from consolidation in the Indian dredging market, we have plans to make forays in the foreign dredging market. During the financial year 2013-14, we have undertaken international dredging assignment at Kankasanturai harbour, Sri Lanka under the aegis of Ministry of External Affairs, GOI as per a bilateral arrangement with the Government of Sri Lanka.

### **Enhancement of the fleet capability**

In continuation of the efforts to sustain the existing capacity for which orders were placed for three dredgers meant as replacement of existing aged dredgers, our Company plans to procure two higher hopper capacity 9000 cubic meters trailer suction hopper dredgers in the twelfth plan. Our Company also plans to refurbish the existing aged dredgers during the current plan period so as to increase their effectiveness and enhance their economic life.

### **Reducing operational costs**

Our Company proposes to reduce its operational costs by refurbishing the existing aged dredgers. Further, in addition to its capacity utilization initiatives discussed above, our Company also intends to reduce operational costs by focusing on fuel efficiency in ship operations and ship procurement and further streamlining the spare parts procurement systems. Our Company also proposes to have tie-ups with ship repair yards for continued maintenance of our vessels for a period of time so as to make available the dredgers for a guaranteed minimum number of days every year.

### **Strategic alliances through long term contracts with major ports**

Our Company proposes to have strategic alliances with major ports on similar terms with the Kolkata Port at present. This will ensure assured business for the Company and enable the Company to plan in advance regarding the deployment of the vessels. The Company is also having discussion with some Ports to part finance the proposed new acquisitions.

### **Optimize capacity utilization**

Our Company intends to continue to optimize its capacity utilization by continuous project monitoring and review, reducing equipment downtime through preventive maintenance and working with repair yards to accelerate dry dock repair periods, and increasing computerization, including introducing online connectivity between dredgers, projects and the head office. Our Company also intends to continue to invest in quality pre-dredging surveys and equipment and continue to invest in repairs and maintenance. Through a renewed focus on training, our Company intends to introduce specific project planning and management initiatives to educate its staff to identify and develop new market opportunities. Our Company believes in the introduction of best practices in procurement, costing and working capital management, along with the introduction of tailored human resources practices, participatory management and new technologies, which will create new competencies in its organization and add value for its dredging customers.

## 10. THREATS

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.

## 11. INDIAN DREDGING MARKET OUTLOOK

While the consistent maintenance dredging requirements at the major ports are expected to continue, increasing private sector participation in port development and related capital dredging activity is expected. At the same time, the dynamics in the Indian market are rapidly changing. The key changes taking place include changes in customer profile for dredging companies from Government to private sector developers, changes in payment patterns for dredging work with stringent performance parameters the expansion of Indian port capacity and increasing participation of international companies in the Indian dredging market. Other developments include:

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

DCI's customers include Major Ports under the administrative control of the Ministry of Shipping, Non-Major Ports under the administrative control of the GoI and State Governments, private ports, the Indian Navy and shipyards. The Indian dredging market is primarily maintenance dredging-oriented. However, some capital dredging projects are also in the offing. DCI has already secured the Ennore Capital dredging project on tender basis.

## 12. RISKS AND CONCERNS

The foreign exchange variations may cause a dent in the cash flows apart from effecting the results of the Company due to the debt service obligations in foreign currency.

## 13. 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.



## DREDGING CORPORATION OF INDIA LIMITED

- iv Reducing operational costs - Focusing on fuel efficiency in ship operations, streamlining spare parts procurement systems.
  - v Close monitoring of repairs.
14. **PLAN PROJECTIONS**  
The following are the Plan projections for the 12<sup>th</sup> 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 12<sup>th</sup> Five year Plan and order for the second Dredger will be placed in the final year of the 12<sup>th</sup> Five year Plan.
  - ii Two Nos. Self-Propelled Barges:-  
It is proposed to procure two hopper barges in the 12<sup>th</sup> Plan. The order for two barges has already been placed and is scheduled to be delivered by March, 2014
  - 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.
15. **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. and international markets, Government policies and regulations, statutes and other incidental factors.  
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.
16. **INDUSTRIAL RELATIONS**  
The industrial relations in the Corporation continued to be cordial throughout the year under report.
17. **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.
18. **CAUTIONARY STATEMENT**  
Statements in this "Management Discussion and Analysis" describing the objectives, expectations, assumptions or predictions of the Company may be forward-looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the operations of the Company include economic conditions affecting demand/supply, price conditions in the domestic and international markets, Government policies and regulations, statutes and other incidental factors.



# DREDGING CORPORATION OF INDIA LIMITED

## INDEPENDENT AUDITORS' REPORT

To  
The Members,  
DREDGING CORPORATION OF INDIA LIMITED, VISAKHAPATNAM

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of Dredging Corporation of India Limited ('the Company') which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### 2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 4. Opinion

We draw attention to the following Note:-

(i) The Company has not recognized impairment of long term investments of ₹3,000 lacs (Last year : ₹3000 lacs) in M/s. SCL; which is not in accordance with para 17 of "AS-13 Accounting for investments" as prescribed under sub-section 3C of section 211 of the Act. The decline in investment value (other than temporary), is envisaged with reference to Investee's assets and results, prolonged litigation, expected cash flows, restrictions on distributions by Investee or disposal by Investor etc.

Had such provision been recognized, the profits of the Company for the year ended 31<sup>st</sup> March, 2013 and the reserves of the Company as at 31<sup>st</sup> March, 2013 would have been lower by ₹3,000 lacs; thereby resulting in net loss of ₹949.10 lacs.

In our opinion, subject to our remark in paragraph 4(i) above the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- in the case of the cash flow statement, of the cash flows for the year ended on that date

### 5. Report on Other Legal and Regulatory Requirements

i) As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

ii) As required by section 227(3) of the Act, we report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 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;
- the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- in our opinion, subject to our remark in paragraph 4(i) above, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- 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.

For G.R.Kumar & Co.  
Chartered Accountants  
Firm Reg No. 004941S  
-sd-  
(G.R.KUMAR)  
Partner  
Membership No. 052367

Place : Visakhapatnam  
Date : 18.06.2013





## DREDGING CORPORATION OF INDIA LIMITED

### ANNEXURE TO AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management during the year in a phased manner. As informed to us, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of the fixed assets during the year and the going concern status of the company is not affected.
- (ii) (a) Physical verification of inventory has been conducted by the management at reasonable intervals during the year; except in case of Stock of stores/ spares-in-transit.
- (b) In respect of procedure of physical verification of stock of stores/spares-in-transit followed by the management, the same needs substantial improvement, which should commensurate with the size of the Company and the nature of its business.
- (c) Except in case of stock of stores/spares-in-transit, the Company has maintained proper records of inventory; and as informed to us, no material discrepancies were noticed on physical verification as compared to the book records.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services.
- (v) According to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of Companies Act, 1956 that need to be entered into the Register required to be maintained in pursuance of Section 301 of the Companies Act, 1956.
- In view of the above, Clause 4 (v) (b) is not applicable.
- (vi) The Company has not accepted any deposits from the public during the year
- (vii) In our opinion, although the Company has an internal audit system commensurate with its size and nature of its business; yet the same needs to be transformed into risk-based audit and focus on internal controls, risk assessment, risk mitigation plans etc.
- (viii) To the best of our knowledge 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 March 31, 2013 for the period of more than six months from the date they became payable.
- (b) As at March 31, 2013, according to the records of the Company and information and explanations given to us, the following are the particulars of dues on account of Service Tax matters that have not been deposited on account of any dispute.

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates Various years covering the period	Forum where pending	Subject matters
Finance Act, 1994	Service Tax	6243.32	2005-2010	CESTAT, Bangalore	Non-eligibility of Cenvat Credit in respect of Dredger and Spare parts but disputed by Company
		728.66	2010-2011		
		318.87	2005-2008	CESTAT, Bangalore	
		19.32	2007-2008	CESTAT, Bangalore	Penalty on account of delay in payment of Service Tax but disputed by Company
	<b>Total</b>	<b>7310.17</b>			

- (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.



## DREDGING CORPORATION OF INDIA LIMITED

- (xi) The Company has not defaulted in repayment of dues to financial institutions or banks. As the due date of repayment of bonds do not fall in this year, the question of repayment does not arise.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xiv) The Company has not been dealing or trading in shares, securities, debentures and other investments. Therefore, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, clause 4(xv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xvi) The Company has availed External Commercial Borrowings (ECB) term loans during the year for acquisition of Dredgers and the term loans were utilised for the purpose for which they were obtained.
- (xvii) The Company has not raised any funds on short-term basis or long-term basis during the year and therefore, clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has issued tax free, secured, non-convertible and redeemable bonds of ₹1000 each amounting ₹5887.80 lakhs. The bonds are fully secured by way of charge on DCI Back-Hoe Dredger.
- (xx) We have verified the end use of money raised by public issue as disclosed in Note to Accounts.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

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

**(CA G.R.KUMAR)**  
**Partner**  
**Membership No. 052367**

**Place : Visakhapatnam**  
**Date : 18.06.2013**



## **DREDGING CORPORATION OF INDIA LIMITED**

### **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF DREDGING CORPORATION OF INDIA LIMITED, VISAKHAPATNAM FOR THE YEAR ENDED 31 MARCH 2013**

The preparation of financial statements of Dredging Corporation of India Limited, Visakhapatnam for the year ended on 31 March 2013 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 standards on Auditing 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 18 June 2013.

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 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619 (4) of the Companies Act, 1956.

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

**-sd-**

**(N.KARUNAKARAN)**

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

Place : HYDERABAD

Date : 20 August 2013



# DREDGING CORPORATION OF INDIA LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2013

(₹ in Lakh)

	Note No.	As at 31-3-2013	As at 31-3-2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. SHARE HOLDERS' FUNDS</b>			
(a) Share Capital	I	2800.00	2800.00
(b) Reserves and Surplus	II	136768.70	135373.00
(c) Money received against share warrants		0.00	0.00
<b>2. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		<b>0.00</b>	<b>0.00</b>
<b>3. NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	III	72009.83	25995.31
(b) Deferred tax liabilities (Net)		0.00	0.00
(c) Other long term liabilities		194.39	120.03
(d) Long-term provisions		383.50	516.40
<b>4. CURRENT LIABILITIES</b>			
(a) Short-term borrowings	IV	81.88	94.72
(b) Trade payables		8979.89	3080.13
(c) Other current liabilities		24318.02	17534.95
(d) Short-term provisions		1007.25	521.30
<b>TOTAL</b>		<b>246543.46</b>	<b>186035.84</b>
<b>II. ASSETS</b>			
<b>1. NON-CURRENT ASSETS</b>			
(a) Fixed Assets	V		
(i) Tangible Assets		100777.78	53320.62
(ii) Intangible Assets		0.00	0.00
(iii) Capital work- in- progress		2261.97	4841.30
(iv) Intangible Assest under development		0.00	0.00
(b) Non-current investments	VI	3000.01	3000.01
(c) Deferred tax assets (net)	VII	0.00	0.00
(d) Long-term loans and advances	VIII	46514.72	46770.50
(e) Other non-current assets	IX	0.00	0.00
<b>2. CURRENT ASSETS</b>			
(a) Current investments	X	0.00	0.00
(b) Inventories		11577.99	9766.17
(c) Trade Receivables		47228.48	36585.29
(d) Cash and cash equivalents		2834.99	7831.55
(e) Short-term loans and advances		5142.04	1360.21
(f) Other current assets		27205.48	22560.19
<b>TOTAL</b>		<b>246543.46</b>	<b>186035.84</b>
<b>Notes on Financial Statements</b>	XVI		
<b>Accounting Policies</b>	XVII		

For and on behalf of Board of Directors

-sd-

(CAPT. D.K.MOHANTY)

Chairman and Managing Director

-sd-

(P.V.RAMANA MURTHY)

Director (Finance)

-sd-

(K.ASWINI SREEKANTH)

Company Secretary

As per our Report of even date

For G.R.Kumar & Co.

Chartered Accountants

Firm Regn No. 004941S

-sd-

(G.R.KUMAR)

Partner

Membership No. 052367

PLACE : VISAKHAPATNAM

DATED : 18-06-2013



# DREDGING CORPORATION OF INDIA LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013

(₹ in Lakh)

	Note No.	YEAR ENDED 31-3-2013	YEAR ENDED 31-3-2012
I. Revenue from operations	XI	63491.60	48469.02
II. Other income	XII	310.38	1292.47
<b>III. Total Revenue (I + II)</b>		<b>63801.98</b>	<b>49761.49</b>
IV. Expenses:			
Cost of materials consumed		0.00	0.00
Purchase of Stock-in-Trade		0.00	0.00
Changes in inventories of finished goods, work-in-progress and Stock-in-trade		0.00	0.00
Employee benefit expense	XIII	8701.50	9277.55
Finance costs		146.85	0.00
Depreciation and amortization expense	V	9014.87	8795.22
Repairs and Maintenance (Vessels)		7090.50	6391.67
Fuel and Lubricants		22498.35	16053.03
Spares and stores		4664.27	4372.35
Insurance		1341.66	1100.66
Other expenses	XIII	8184.17	2014.91
<b>Total Expenses</b>		<b>61642.17</b>	<b>48005.39</b>
V. Profit before exceptional and extraordinary items and tax (III-IV)		2159.81	1756.10
VI. Exceptional items		0.00	0.00
VII. Profit before extraordinary items and tax (V - VI)		2159.81	1756.10
VIII. Extraordinary items		0.00	0.00
<b>IX. Profit before tax (VII - VIII)</b>		<b>2159.81</b>	<b>1756.10</b>
X. Tax expense	XIV		
(1) Current tax		108.91	438.00
(2) Deferred tax		0.00	0.00
XI. Profit/(Loss) for the period from continuing operations (VII - VIII)		2050.90	1318.10
XII. Profit/(Loss) from discontinuing operations		0.00	0.00
XIII. Tax expense of discontinuing operations		0.00	0.00
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		0.00	0.00
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		<b>2050.90</b>	<b>1318.10</b>
XVI. Earnings per equity share :	XV		
(1) Basic (in ₹)		7.32	4.71
(2) Diluted (in ₹)		7.32	4.71
Notes on financial statements	XVI		
Accounting Policies	XVII		

For and on behalf of Board of Directors

-sd-

(CAPT. D.K.MOHANTY)

Chairman and Managing Director

-sd-

(P.V.RAMANA MURTHY)

Director (Finance)

-sd-

(K.ASWINI SREEKANTH)

Company Secretary

As per our Report of even date

For G.R.Kumar & Co.

Chartered Accountants

Firm Regn No. 004941S

-sd-

(G.R.KUMAR)

Partner

Membership No. 052367

PLACE : VISAKHAPATNAM

DATED : 18-06-2013



# DREDGING CORPORATION OF INDIA LIMITED

		(₹ in Lakh)			
		As at 31-3-2013	As at 31-3-2012		
<b>Note- I</b>	<b>SHARE CAPITAL</b>				
<b>AUTHORISED:</b>					
3,00,00,000 Equity Shares of ₹10/- each		3000.00	3000.00		
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>					
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>		
i) Reconciliation of the number of shares outstanding at the beginning and end of the reporting period					
	Particulars	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
		No.	₹ in lakh	No.	₹ in lakh
	Outstanding at the beginning of the year	28000000	2800.00	28000000	2800.00
	Issued during the year	0	0.00	0	0.00
	<b>Outstanding at the end of the year</b>	<b>28000000</b>	<b>2800.00</b>	<b>28000000</b>	<b>2800.00</b>
ii) Details of shareholders holding more than 5% shareholding in the Company are as under					
	Name of the Shareholder	As at 31 <sup>st</sup> March 2013		As at 31 <sup>st</sup> March 2012	
		No.	₹ in lakh	No.	₹ in lakh
	<b>President of India (78.56%)</b>	<b>21997700</b>	<b>2199.77</b>	<b>21997700</b>	<b>2199.77</b>
iii) Shares issued for consideration other than cash for past five years					
		As at 31-3-2013 ₹ in lakh	As at 31-3-2012 ₹ in lakh	As at 31-3-2011 ₹ in lakh	As at 31-3-2010 ₹ in lakh
		2799.86	2799.86	2799.86	2799.86

<b>NOTE- II</b>		<b>RESERVES AND SURPLUS</b>		<b>As at 31-03-2013</b>	<b>As at 31-03-2012</b>
<b>CAPITAL RESERVE:(*)</b>					
As per last Balance Sheet				451.83	451.83
<b>GENERAL RESERVE:</b>					
As per last Balance Sheet		42904.00		42904.00	
Add : Transfer during the year		<u>160.00</u>	43064.00	<u>0.00</u>	42904.00
<b>RESERVE U/S 33AC OF THE INCOME TAX ACT 1961</b>					
As per last Balance Sheet		0.00		18000.00	
Less : Transfer to Reserve U/s 33 AC Utilisation Account		<u>0.00</u>	0.00	<u>18000.00</u>	0.00
<b>RESERVE U/S 33AC UTILISATION ACCOUNT</b>					
As per last Balance Sheet		0.00		0.00	
Add : Transfer from Reserve U/s 33AC		<u>0.00</u>		18000.00	
Less : Transfer to Profit & Loss Account during the year		<u>0.00</u>	0.00	<u>18000.00</u>	0.00
<b>TONNAGE TAX RESERVE U/S 115 VT OF IT ACT</b>					
As per last Balance Sheet		500.00		17550.00	
Add : Transfer during the year		<u>440.00</u>		500.00	
Less: : Transfer to Reserve u/s 115 Utilisation Account		<u>500.00</u>	440.00	<u>17550.00</u>	500.00
<b>RESERVE U/S 115 VT UTILISATION ACCOUNT</b>					
As per last Balance Sheet		17550.00		0.00	
Add : Transfer during the year		<u>500.00</u>	18050.00	<u>17550.00</u>	17550.00
<b>DEBENTURE REDEMPTION RESERVE</b>					
As per last Balance Sheet		0.00		0.00	
Add : Transfer during the year		<u>600.00</u>	600.00	<u>0.00</u>	0.00
<b>PROFIT AND LOSS ACCOUNT</b>					
<b>PROFIT AFTER TAX</b>		2050.90		1318.10	
Deduct : Transfer to Tonnage Tax Reserve U/S 115 VT of IT Act		<u>440.00</u>		500.00	
Deduct : Transfer to General Reserve		<u>160.00</u>		0.00	
Deduct : Transfer to Debenture Redemption Reserve		<u>600.00</u>		0.00	
Deduct : Proposed Dividend		<u>560.00</u>		0.00	
Deduct : Tax on Dividend		<u>95.20</u>		0.00	
Add : Balance brought forward from previous year		<u>73967.17</u>		55149.07	
Add : Transfer from Reserve U/s 33AC		<u>0.00</u>		0.00	
Add : Transfer from 33AC Utilisation A/c		<u>0.00</u>	74162.87	<u>18000.00</u>	<u>73967.17</u>
			<u>136768.70</u>		<u>135373.00</u>

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



## DREDGING CORPORATION OF INDIA LIMITED

(₹ in Lakh)

	As at 31-3-2013	As at 31-3-2012
<b>NOTE- III</b>	<b>NON CURRENT LIABILITIES</b>	
<b>LONG TERM BORROWINGS</b>		
<b>From Banks</b>	<b>66122.03</b>	25995.31
Secured by charge on TSHD DCI DR XIX and Secured by assignment of Bank Guarentees for TSHD DR XX Loan is payable in 20 equal half yearly installments commencing from six months after delivery of the dredger		
<b>From Tax Free Bonds</b>	<u>5887.80</u>	0.00
	<u>72009.83</u>	<u>25995.31</u>
During the year vide Notification no. 46/2012. F.No. 178/60/2012-(ITA.1)dated 6 <sup>th</sup> November 2012, Ministry of Finance, Government of India, authorised the Company to issue tax-free, secured, redeemable, non-convertible bonds to an extent of ₹50000 lakhs. The Company has raised an amount of ₹5887.80 lakhs and the same has been utilised for second stage payment DR.XXI under construction by IHC Dredgers B.V.Netherlands. The tenure of the Bonds is 10 years. The coupon rate for Category I, II, III and IV is 6.97% p.a and additional coupon rate of 0.5% p.a for original allottees under category IV. The Bonds are fully secured by way of charge on DCI Back-Hoe Dredger.		
<b>Deferred Tax Liabilities (Net)</b>	<b>0.00</b>	0.00
In view of adoption of Tonnage Tax Scheme under Income Tax Act, 1961, no provision is required for deferred tax liability/asset for the year.		
	<u>0.00</u>	<u>0.00</u>
<b>Other long term Liabilities</b>		
Trade payables	<b>0.00</b>	0.00
Others	<b>194.39</b>	120.03
	<u>194.39</u>	<u>120.03</u>
<b>Long-term provisions</b>		
a) Provision for employee benefits	<b>383.50</b>	516.40
b) Others	<b>0.00</b>	0.00
	<u>383.50</u>	<u>516.40</u>
<b>NOTE-IV</b>	<b>CURRENT LIABILITIES</b>	
<b>Short term borrowings</b>		
i) Deposits from contractors	<b>44.99</b>	53.14
ii) Advances from customers	<b>36.89</b>	41.58
	<u>81.88</u>	<u>94.72</u>
<b>Trade payables *</b>	<b>8979.89</b>	3080.13
	<u>8979.89</u>	<u>3080.13</u>
* include : Amounts due to the Micro, Small and Medium Enterprises based on available information to whom a sum exceeding ₹ one Lakh is outstanding		
a) for more than 30 days as per agreed terms	Nil	Nil
b) amounts due other than (a) above	Nil	Nil
<b>Other Current Liabilities</b>		
Interest accrued but not due on borrowings	<b>262.16</b>	137.48
Interest accrued and due on borrowings	<b>0.00</b>	0.00
Un-claimed dividend	<b>7.76</b>	9.67
Other payables	<b>24048.10</b>	17387.80
	<u>24318.02</u>	<u>17534.95</u>
<b>Short-term provisions</b>		
i) Employee benefits	<b>352.05</b>	521.30
ii) Others	<b>0.00</b>	0.00
iii) Provision for Proposed Dividend	<b>560.00</b>	0.00
iv) Tax on Dividend	<b>95.20</b>	0.00
	<u>1007.25</u>	<u>521.30</u>



## DREDGING CORPORATION OF INDIA LIMITED

(₹ in Lakh)

NOTE - V											
FIXED ASSETS											
DESCRIPTION	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	Ason 31-3-12	Additions in the year	Foreign Exchange Variations	Deductions/ Adjustments	Ason 31-3-13	Upto 31-3-12	During the year	Deductions/ Adjustments	Upto 31-3-13	Ason 31-3-13	Ason 31-3-12
<b>TANGIBLE ASSETS</b>											
1 LAND - FREE HOLD	35.98	0.00	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	0.00	346.27	284.13	1.47	0.00	285.60	60.67	62.14
3 PLANT & MACHINERY											
a) DREDGERS	128072.14	56001.14	400.28	0.00	184473.56	77957.40	8529.65	0.00	86487.05	97986.51	50114.74
b) ANCILLARY CRAFTS	3540.96	-13.11	0.00	0.00	3527.85	1348.32	238.78	0.00	1587.10	1940.75	2192.64
c) PIPELINE, BALL & SOCKETS JOINTS ETC.	6652.63	0.00	0.00	0.00	6652.63	6110.04	182.35	0.00	6292.39	360.24	542.59
d) OTHER OPERATIONAL ASSETS	286.94	0.00	0.00	0.00	286.94	219.54	7.18	0.00	226.72	60.22	67.40
4 FURNITURE, FIXTURES AND OFFICE EQUIPMENT											
a) FURNITURE, FITTINGS, EQUIPMENTS ETC.,	473.17	13.51	0.00	0.75	485.93	263.00	25.18	0.14	288.04	197.89	210.17
5 MOTOR VEHICLES	29.03	0.00	0.00	0.00	29.03	0.53	2.76	0.00	3.29	25.74	28.50
6 COMPUTERS	527.73	70.82	0.00	0.00	598.55	461.27	27.50	0.00	488.77	109.78	66.46
7 TEMP. STRUCTURES FIXTURES/ERECTIONS	119.08	0.00	0.00	0.00	119.08	119.08	0.00	0.00	119.08	0.00	0.00
<b>TOTAL</b>	<b>140083.93</b>	<b>56072.36</b>	<b>400.28</b>	<b>0.75</b>	<b>196555.82</b>	<b>86763.31</b>	<b>9014.87</b>	<b>0.14</b>	<b>95778.04</b>	<b>100777.78</b>	<b>53320.62</b>
<b>INTANGIBLE ASSETS</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>140083.93</b>	<b>56072.36</b>		<b>0.75</b>	<b>196555.82</b>	<b>86763.31</b>	<b>9014.87</b>	<b>0.14</b>	<b>95778.04</b>	<b>100777.78</b>	<b>53320.62</b>
PREVIOUS YEAR'S TOTAL	126738.35	13385.00		39.42	140083.93	78011.22	8795.22	43.13	86763.31	101584.91	48727.13

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

(₹ in Lakh)

	As at 31-3-2013	As at 31-3-2012
<b>CAPITAL WORK IN PROGRESS</b>		
Work in progress -		
- DCI DR XIX	0.00	4841.30
- DCI DR XX	2233.88	0.00
- DCI DR XXI	28.09	0.00
	<u>2261.97</u>	<u>4841.30</u>
<b>INTANGIBLE ASSETS UNDER DEVELOPMENT</b>		
Intangible assets under development	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

### NOTE VI

### NON CURRENT INVESTMENTS

Investment in Equity Instruments

At Cost - Non-Trade (Unquoted)

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

Sethusamudram Corporation Ltd.(SCL), a Special Purpose Vehicle was incorporated on 06.12.2004 for developing the Sethusamudram Ship Channel Project with Government of India, Tuticorin Port Trust, Ennore Port Ltd., Visakhapatnam Port Trust, Chennai Port Trust, Dredging Corporation of India Ltd., Shipping Corporation of India Ltd and Paradip Port Trust as the shareholders. DCI invested in Equity share capital ₹3000 lakh (previous year ₹3000 lakh). The dredging work at Palk Strait was suspended from 16-07-2009. The Management does not consider any diminution in the value of the investment and the same has been carried at cost.





# DREDGING CORPORATION OF INDIA LIMITED

(₹ in Lakh)

	As at 31-3-2013	As at 31-3-2012		
<b>NOTE VII DEFERRED TAX ASSETS</b>				
Deferred tax asset	0.00	0.00		
	<u>0.00</u>	<u>0.00</u>		
In view of adoption of Tonnage Tax Scheme under Income Tax Act, 1961, no provision is required for deferred tax liability/asset for the year.				
<b>NOTE VIII LONG TERM LOANS AND ADVANCES</b>				
Capital advances	45043.55	45248.98		
Security deposits	1181.70	1089.68		
Other loans and advances	289.47	431.84		
	<u>46514.72</u>	<u>46770.50</u>		
<b>NOTE IX OTHER NON CURRENT ASSETS</b>				
Long term trade receivables	0.00	0.00		
	<u>0.00</u>	<u>0.00</u>		
<b>NOTE X CURRENT INVESTMENTS</b>				
Investments	0.00	0.00		
	<u>0.00</u>	<u>0.00</u>		
<b>INVENTORIES</b>				
a) Stock of spares and stores (Valued at cost)	10980.37	8566.72		
LESS: Provision for unserviceable Spares & Stores	<u>703.23</u>	<u>368.99</u>		
b) Spares and stores in transit	1300.85	1568.44		
	<u>11577.99</u>	<u>9766.17</u>		
<b>TRADE RECEIVABLES (UNSECURED)</b>				
a) Debts outstanding for a period exceeding 6 months	40867.69	41460.14		
b) Other Debts	16662.58	57530.27		
LESS: Considered doubtful and provided for	<u>10301.79</u>	<u>9907.93</u>		
Debts considered good	47228.48	36585.29		
The Company vide its Letter No. DCI/Legal/SSCP/Arbitration/2012 dt. 06-06-2012 requested Ministry of Shipping, to appoint a sole Arbitrator under Clause 22 of the agreement with Sethusamudram Corporation Limited (SCL) dated March 2, 2007 to settle the outstanding claims made on SCL amounting to ₹ 42641 lakhs towards the dredging works executed, foreign exchange variation, fuel escalation, environmental monitoring claims etc., in respect of Palk Strait and Adams Bridge area of SSCP. In view of this, amount of provision for doubtful debts amounting to ₹8859 lakhs has not been made during the year.				
<b>CASH AND CASH EQUIVALENTS</b>				
a) Balance with Banks	1097.18	517.69		
b) Cheques on Hand	714.78	406.23		
c) Cash on Hand	115.27	97.96		
d) Others - Fixed Deposits	900.00	6800.00		
e) Earmarked balances with Banks	7.76	9.67		
	<u>2834.99</u>	<u>7831.55</u>		
<b>SHORT TERM LOANS AND ADVANCES</b>				
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED				
a) Secured - considered good	49.67	23.89		
b) Unsecured*	5092.37	1336.32		
	<u>5142.04</u>	<u>1360.21</u>		
* Include tour advances to -	As at 31/3/13	Max Amt.	As at 31/3/12	Max Amt.
	during the year			
Chairman and Managing Director	0.00	0.00	1.81	1.81
Director(Finance)	0.00	0.00	0.00	2.98
Director(Operations & Technical )	0.00	0.00	1.30	1.30



## DREDGING CORPORATION OF INDIA LIMITED

		(₹ in Lakh)	
		As at	As at
		31-3-2013	31-3-2012
<b>OTHER CURRENT ASSETS</b>			
a) Interest accrued on Deposits and Advances		43.12	355.95
b) Unbilled Operational Income		10225.59	11216.72
c) Income Tax Paid & Tax deducted at Source	9539.04		8113.52
Less : Provision for Income Tax	<u>3641.37</u>	5897.67	<u>3543.18</u>
DEPOSITS :			
a) Customs, Post & Telegraphs		0.00	0.00
b) Others		1304.79	894.59
PREPAID EXPENSES		308.76	407.08
CLAIMS & OTHER RECOVERABLES	9437.38		5127.34
LESS: Provision for doubtful claims	<u>11.83</u>	<u>9425.55</u>	<u>11.83</u>
		<u>27205.48</u>	<u>22560.19</u>
<b>NOTE XI REVENUE FROM OPERATIONS</b>			
a) Core Dredging Services		63285.51	46827.32
b) Other Operating Revenue		208.41	1641.70
Less : Rebates / Discounts		<u>2.32</u>	<u>0.00</u>
		<u>63491.60</u>	<u>48469.02</u>
<b>NOTE XII OTHER INCOME</b>			
Interest earned on			
a) Fixed Deposits		293.82	1269.66
b) House Building and other Advances		16.56	19.18
c) Tax refunds		<u>0.00</u>	<u>3.63</u>
		<u>310.38</u>	<u>1292.47</u>
<b>NOTE XIII EXPENSES</b>			
1 Employee benefits expense			
i) Pay and benefits to operational staff	5433.40		5459.90
ii) Contribution to Provident and other funds	114.27		88.10
iii) Pay and benefits to shore employees	2875.28		3421.53
iv) Contribution to Provident and other funds	207.88		259.65
v) Remuneration to Directors:			
a) Chairman and Managing Director	25.52		8.38
b) Director (Finance)	22.42		20.49
c) Director (Operations & Technical)	22.73	8701.50	19.50
2. Other expenses			
A) Other Operational Expenses			
i) Lodging expenses : Floating Staff	131.03		97.00
ii) Travelling, Portage & Conveyance - Floating staff	102.38		67.91
iii) Equipment Transportation expenses	101.39		77.61
iv) Direct Works expenses:			
a) Boat/ Tug Hire Charges	370.54		246.64
b) Crane Hire charges	2.89		13.92
c) Pipeline laying/maintenance expenses	130.01		102.50
d) Payments to contractors	4956.70		278.26
e) Others	140.03		172.25
v) Miscellaneous Expenses:	272.49		308.49
B) Rent	104.18		99.96
C) Rates and Taxes	22.27		9.04
D) Other Establishment Expenses			
i) Donations	0.60		1.36
ii) Travelling Expenses	383.15		341.38
iii) Bank charges and Guarantee fee	129.26		84.11
iv) Printing & stationery	33.12		28.51
v) Postage, Telegrams, Phones & Telex	33.51		37.82
vi) Repairs and maintenance of building	118.21		114.42
vii) Expenditure on data processing	17.22		10.78
viii) Advertisement & Publicity (including NIT)	4.48		19.52
ix) Dailies & Periodicals and cost of Library	16.13		21.60
x) Remuneration to Auditors::			
a) As Auditors	2.50		2.50
b) Tax Audit Fees	0.40		0.40
c) For other services	2.15		2.05



# DREDGING CORPORATION OF INDIA LIMITED

(₹ in Lakh)

	As at 31-3-2013		As at 31-3-2012	
<b>NOTE XIII</b>	<b>EXPENSES ... contd..</b>			
xi) Legal Advisor Fee & Expenses	29.56		28.74	
xii) Electricity, water charges	56.71		44.03	
xiii) Expenses on seminars	6.73		13.99	
xiv) Expenditure on Corporate Social Responsibility	40.00		25.00	
xv) Others	232.72		184.47	
E) Provisions				
i) For doubtful debts	393.85		-688.01	
ii) For unserviceable spares and stores	334.23		202.67	
F) Prior Period adjustments				
debits	15.73		473.43	
credits	0.00		407.44	
Net	15.73		65.99	
Total Other Expenses		<u>8184.17</u>		<u>2014.91</u>
<b>NOTE XIV</b>	<b>TAX EXPENSE</b>			
1) For Current Tax				
a) Income Tax	97.91		425.00	
b) Wealth Tax	11.00	108.91	13.00	438.00
2) Deferred Tax		0.00		0.00
		<u>108.91</u>		<u>438.00</u>
<b>NOTE XV</b>	<b>EARNING PER SHARE</b>			
1) Basic/ Diluted		7.32		4.71
a) Earnings per share				
i) Profit after Tax (₹ in lakh)	2050.90		1318.10	
ii) Weighted average number of Equity Shares (Nos.) Face value ₹10/- per share	28000000		28000000	
iii) Basic Earnings per share (in ₹)	7.32		4.71	
<b>NOTE XVI</b>	<b>ADDITIONAL INFORMATION ON ACCOUNTS</b>			
<b>1. CONTINGENT LIABILITIES:</b>				
a. Letters of Credit	36.02		55.49	
b. Claims made against the Company not acknowledged as debts	5471.90		5300.15	
c. Estimated amount of contracts remaining to be executed on capital account and not provided for	59068.58		107377.19	
d. Income Tax Demands received but disputed by the Company	2871.85		1577.10	
e. Service Tax Demands received but disputed by the Company	7310.17		0.00	
<b>2. EARNINGS IN FOREIGN EXCHANGE</b>				
Earnings in foreign exchange	0.00		0.00	
	<u>0.00</u>		<u>0.00</u>	
<b>3. EXPENDITURE IN FOREIGN CURRENCY</b>				
a) Travelling	26.57		8.31	
b) Chartering charges	146.84		0.00	
<b>4. VALUE OF IMPORTS (CIF BASIS)</b>				
a) Components and spare parts (CIF Value)	5504.43		3686.01	
b) Value of imported spares and components consumed	3636.75		3502.63	
c) Value of indigenous spares and components consumed	364.30		252.35	
d) Percentage of imported spares & components consumed to total spares & components consumed	90.90		93.28	
e) Percentage of indigenous spares & components consumed to total spares & components consumed	9.10		6.72	
<b>5. GENERAL</b>				
a) Letters seeking confirmation of balances have been sent to Customers and replies from the Customers are awaited and as such could not be reconciled.				
b) The CEGAT issued orders during the year 2001-02 setting aside the earlier orders of the Customs Department levying duty of ₹1132.81 lakhs on the accessories and spares of Dr-Aquarius. The Department while accepting CEGAT order sanctioned the refund of ₹1132.81 Lakhs under 27 (2) of Customs Act 1962, but ordered to credit the same to Consumer Welfare Fund. Aggrieved by this order DCI filed an appeal before CESTAT, Kolkata for issuance of necessary directions to the Department for refunding the Customs Duty. Necessary adjustments to capital cost of the dredger will be made on receipt of the refund.				
c) The Company filed an appeal and an application for stay before the Customs, Excise and Service Tax Appellate Tribunal against Commissionerate's Orders confirming recovery of ₹3648.15 lakhs towards irregular Cenvat credit availed during the period from June,2005 to March, 2010 and imposing a penalty/interest of ₹3662.02 lakhs. No provision has been made as the matter is pending before the tribunal.				



## DREDGING CORPORATION OF INDIA LIMITED

- d) Escalation Claims for Labour and Material have been preferred on the basis of latest available indices.  
e) Income Tax appeals are pending for the Assessment years 2006-07 to 2010-11 before the Income Tax Authorities. The disputed tax paid under protest is ₹1744 lakhs (Net) as per the orders of Assessing Authority.  
f) Disclosure requirements under AS 15 on Employee benefits are given hereunder:

Defined Contribution Plan

	2012-13	2011-12
Contribution to Defined Contribution Plan, recognized as expense for the year, is under:		
Employer's Contribution to Provident Fund (inclusive of Contribution to Pension Fund)	322	348

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

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

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

Post retirement Medical benefits: The Company is obtaining Medi-Claim Policy for an insurance coverage at the rate of ₹one lakh per individual per annum. The medi-claim policy covers hospitalization, medical treatment and domiciliary medical treatment. The retired employees and his/her spouse are entitled to this policy subject to an annual payment of ₹100 per head per annum. The balance annual premium payable towards the medi-claim policies is met by the Company. During the year the Company paid a Premium of ₹13.25 lakh (inclusive of member's contribution)

(₹ in Lakh)

	Gratuity (Funded)	Leave Encashment (un funded)	
		Floating Staff	Shore Staff
<b>I. Assumptions</b>			
Mortality			
Interest/ Discount Rate	8.57%	8.06%	8.06%
Rate of increase in Compensation	4.00%	4.00%	4.00%
Rate of return (expected) on plan assets	8%	—	—
Employee Attrition Rate (Past Service (PS))	PS:0 to 42.5%	PS:0 to 42.5%	PS:0 to 42.5%
Expected average remaining service (years)	6.74 %	8.32 %	5.53 %
<b>II. Changes in present value of obligations</b>			
PVO at beginning of period	1460	6	685
Interest Cost	109	—	52
Current Service Cost	92	10	71
Past Service Cost (non vested benefits)	—	—	—
Past Service Cost (vested benefits)	—	—	—
Benefits paid	(362)	(11)	(160)
Actuarial (gain)/loss on obligation	137	3	(141)
PVO at end of the period	1436	8	507
<b>III. Changes in fair value of plan assets</b>			
Fair Value of Plan Assets at beginning of period	1622	—	—
Adjustment to opening balance	(163)	—	—
Expected return on Plan Assets	104	—	—
Contributions	50	11	160
Benefits paid	(362)	(11)	(160)
Actuarial gain/(loss) on plan assets	(8)	—	—
Fair Value of Plan Assets at the end of period	1243	—	—
<b>IV. Fair value of plan assets</b>			
Fair Value of Plan Assets at beginning of period	1622	—	—
Adjustments to opening balance	(163)	—	—
Actual return on Plan Assets	95	—	—
Contributions	50	11	160
Benefits paid	(362)	(11)	(160)
Fair Value of Plan Assets at end of period	1243	—	—
Funded Status (including unrecognised past service cost)	(193)	(8)	(507)
Excess of actual over estimated return on Plan Assets	(8)	—	—
<b>V. Experience History</b>			
Gain/loss on obligation due to change in Assumption	25	4	8
Experience (Gain) / Loss on obligation	112	(1)	150
Actuarial (Gain) / Loss on Plan Assets	(8)	—	—



## DREDGING CORPORATION OF INDIA LIMITED

(₹ in Lakh)

	Gratuity (Funded)	Leave Encashment (un funded)	
		Floating Staff	Shore Staff
<b>VI. Actuarial Gain/(Loss) Recognized</b>			
Actuarial Gain/(Loss) for the period (Obligation)	(137)	(2)	141
Actuarial Gain/(Loss) for the period (Plan Assets)	(8)	—	—
Total Gain/(Loss) for the period	(145)	(2)	141
Actuarial Gain/(Loss) recognized for the period	(145)	(2)	141
Unrecognized Actuarial Gain/(Loss) at end of period	—	—	—
<b>VII. Past Service Cost Recognized</b>			
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
<b>VIII. Amounts recognized in the balance sheet and statement of profit &amp; loss account</b>			
PVO at end of period	1436	8	507
Fair Value of Plan Assets at end of period	1243	—	—
Funded Status	(193)	(8)	(507)
Unrecognized Actuarial Gain/(Loss)	—	—	—
Unrecognized Past service cost/(Loss)- non vested benefits	—	—	—
Net Asset/(Liability) recognized in the balance sheet	(193)	(8)	(507)
<b>IX. Expense recognized in the statement of P&amp;L A/c</b>			
Current Service Cost	92	10	71
Interest cost	109	—	52
Past service cost (non vested benefits)	—	—	—
Past service cost (vested benefits)	—	—	—
Unrecognised past service cost (non vested benefits)	—	—	—
Expected Return on Plan Assets	(104)	—	—
Net Actuarial (Gain) / Loss recognized for the period	146	2	(141)
Expense recognized in the statement of P&L A/c	243	13	(18)
<b>X. Movements in the Liability recognized in Balance Sheet</b>			
Opening Net Liability	(163)	6	685
Adjustment to opening balance	163	—	—
Expenses as above	243	13	(19)
Contribution paid	(50)	(11)	(160)
Closing Net Liability	193	8	506
<b>XI. Short Term Compensated Absence Liability</b>			
Valuation date	31-03-2013	31-03-2013	31-03-2013
No. of days	—	1800	11205
Amount*	—	8	211

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

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

Provision for	Carrying amount at the beginning of the year (01-04-2012)	Additional provisions made during the year	Amounts used during the year	Carrying amount at the end of the period (31-03-2013)
Employee benefits	1037.70	-302.15	—	735.55

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

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



## NOTE XVII - ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

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

### 2. OPERATIONAL INCOME:

- a) Unbilled values of works executed up to 31<sup>st</sup> 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 31<sup>st</sup> March.

### 3. OTHER INCOME:

- a) Sale proceeds of condemned and unserviceable Spares, Stores, Empties, Waste Oil, etc are accounted for in the year of disposal.
- b) Liquidated damages recovered from suppliers are accounted on settlement of bills.
- c) Interests on Tax refunds are accounted on receipt basis.

### 4. OPERATIONAL EXPENSES:

- a) Spares issued to Dredgers, of the nature of inventory, are charged to revenue as and when consumed.
- b) Stores:  
Stores and Lubricants delivered to the crafts during the year and acknowledged by the Master/CEO are charged to revenue. Provision is made towards consumption for the material delivered to crafts up to 31<sup>st</sup> March in respect of which acknowledgements are not received.
- c) Insurance:  
Final adjustments to Insurance Premium paid are considered in accounts on the basis of demands received.
- d) In respect of hull and machinery insurance claims, the claim is accounted as claims recoverable from underwriters as and when the repair bill is submitted by yard/firm. Necessary adjustments are made as and when the claim is accepted by Underwriters. In respect of other insurance claims, the same are accounted for on realisation / settlement of the same by the underwriters"

### 5. DEPRECIATION:

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

- a) Pipeline Equipment: 25% for Mild Steel Pipeline equipment and 12.5% for High Density polyethylene pipeline equipment.
- b) Second hand assets/ retrofit of vessels: as per the estimated balance service life.
- c) Building on lease: Cost of Buildings constructed on lease hold land is amortized 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.
- f) The exchange differences on long term foreign currency monetary liabilities used for acquisition of specific fixed assets, adjusted to the cost of the fixed assets, are amortised over the remaining useful life of the said asset.

### 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.
- d) The exchange differences on long term foreign currency liabilities used for acquisition of fixed assets are adjusted to the cost of the specific fixed assets.



## DREDGING CORPORATION OF INDIA LIMITED

### 7. BORROWING COSTS:

- a) As per the transitional provisions given in the notification issued by the Ministry of Corporate Affairs, Government of India dated 31<sup>st</sup> Mar, 2009 read with the notification dated 9<sup>th</sup> August, 2012, the Company has opted for adjusting the exchange difference on the long term foreign currency monetary items to the cost of the assets acquired out of these foreign currency items.
- b) 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. FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currency are recorded at exchange rates prevailing at the dates of the transactions. As per the notification issued by the Ministry of Corporate Affairs dated 31<sup>st</sup> Mar, 2009, the Company has opted for adjusting the exchange difference on the long term foreign currency monetary items to the cost of the assets acquired out of these foreign currency items. The Company has accordingly aligned its accounting policy based on the above notification.

Exchange differences arising out of fluctuation in exchange rates on settlement/restatement at the period end are accounted based on the nature of transaction as under:

- i) **Short term foreign currency monetary assets and liabilities:** recognized in the profit and loss account.
- ii) **Long term foreign currency monetary liabilities used for acquisition of fixed assets:** adjusted to the cost of the fixed assets and amortized over the remaining useful life of the asset.

### 9. 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 31<sup>st</sup> 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.

### 10. INVESTMENTS:

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

### 11. 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 31<sup>st</sup> 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.

### 12. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

For and on behalf of Board of Directors

-sd-

(CAPT. D.K.MOHANTY)

Chairman and Managing Director

-sd-

(P.V.RAMANA MURTHY)

Director (Finance)

-sd-

(K.ASWINI SREEKANTH)

Company Secretary

As per our Report of even date

For G.R.Kumar & Co.

Chartered Accountants

Firm Regn No. 0049415

-sd-

(G.R.KUMAR)

Partner

Membership No. 052367

PLACE : VISAKHAPATNAM

DATED : 18-06-2013

37<sup>th</sup> ANNUAL REPORT 2012-13



# 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 31-03-2013. 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 18-06-2013 to Members of the Company.

**For G.R.KUMAR & CO.,  
Chartered Accountants  
Firm Regn No. 0049415**

**-sd-  
(G.R.KUMAR)**

**Partner**

**(Membership No. 052367**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

(₹ in Lakh)

	YEAR ENDED 31-3-2013		YEAR ENDED 31-3-2012	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before Tax		2160		1756
Less/Add: Profit/Loss on sale of assets		1		2
		<u>2161</u>		<u>1758</u>
<b>ADJUSTMENT FOR :</b>				
Depreciation	9015		8803	
Interest Expense	151		0	
Interest Income	<u>(-)310</u>	<u>8856</u>	<u>(-)1289</u>	<u>7514</u>
<b>Operating Profit before Working Capital changes:</b>		<b>11017</b>		<b>9272</b>
Increase/decrease in inventory	(-)1812		(-)580	
Increase/decrease in Sundry Debtors	(-)8298		(-)693	
Increase/decrease in other current Assets	(-)7399		73	
Increase/decrease in trade payables	<u>4271</u>	<u>(-)13238</u>	<u>801</u>	<u>(-)399</u>
Cash generated from operations		<u>(-)2221</u>		<u>8873</u>
Less: Interest paid	(-)26		0	
Income Taxes paid	<u>(-)1436</u>	<u>(-)1462</u>	<u>(-)1645</u>	<u>(-)1645</u>
<b>Net Cash from operating activities (A)</b>		<u><b>(-)3683</b></u>		<u><b>7228</b></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(-)53689		(-) 50807
Interest Received		660		1888
Investments		0		0
<b>Net Cash from investing activities (B)</b>		<u><b>(-)53029</b></u>		<u><b>(-)48919</b></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Long term Borrowings		51715		25996
Dividend paid		0		0
Corporate Dividend Tax		0		0
<b>Net Cash from Financing Activities (C)</b>		<u><b>51715</b></u>		<u><b>25996</b></u>
<b>Net increase/decrease in cash and cash equivalents (A+B+C)</b>		<u><b>(-)4997</b></u>		<u><b>(-)15695</b></u>
<b>Cash &amp; Equivalents as at beginning of the year</b>		<b>7832</b>		<b>23527</b>
<b>Cash &amp; Equivalents as at end of the year</b>		<b>2835</b>		<b>7832</b>

For and on behalf of Board of Directors

-sd-

(CAPT. D.K.MOHANTY)

Chairman and Managing Director

-sd-

(P.V.RAMANA MURTHY)

Director (Finance)

-sd-

(K.ASWINI SREEKANTH)

Company Secretary

As per our Report of even date

For G.R.Kumar & Co.

Chartered Accountants

Firm Regn No. 0049415

-sd-

(G.R.KUMAR)

Partner

Membership No. 052367

PLACE: VISAKHAPATNAM

DATED: 18-06-2013









# DREDGING CORPORATION OF INDIA LIMITED



## DREDGING CORPORATION OF INDIA LIMITED.

**Registered Office:** Core: 2, 1<sup>st</sup> 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 37<sup>th</sup> ANNUAL GENERAL MEETING of the company held on 26<sup>th</sup> September, 2013 at 1000 hrs. in Siri Fort Auditorium, Siri Fort Cultural Complex, August Kranti Marg, New Delhi - 110049

Signature of the shareholder or proxy.

\*Applicable for investors holding shares in electronic form

----- Tear Here -----



## DREDGING CORPORATION OF INDIA LIMITED.

**Registered Office:** Core: 2, 1<sup>st</sup> 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 37<sup>th</sup> ANNUAL GENERAL MEETING of the company held on 26<sup>th</sup> September, 2013 at 1000 hrs. in Siri Fort Auditorium, Siri Fort Cultural Complex, August Kranti Marg, New Delhi - 110049 or at any adjournment thereof.

Affix  
One Rupee  
Revenue  
Stamp

Signed this \_\_\_\_ day of \_\_\_\_ month, 2013.

\*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**

**FORM B**

**Format of covering letter of the annual audit report to be filed with the Stock exchanges**

1.	Name of the Company	<b>Dredging Corporation of India Limited</b>
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit Observation	<b>Qualified Opinion</b> vide Note 4(l) of Independent Auditors Report regarding ' <i>Non-recognition of impairment of long-term investments of Rs.3,000 lacs (Last year: Rs.3,000 lacs) in M/s Sethusamudram Corporation Limited; which is not in accordance with para 17 of "AS-13 Accounting for Investments" as prescribed under sub-section 3C of section 211 of the Act.</i> '
4.	Frequency of observation	First time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report;	<p><b>The Notes to the NOTE VI- NON CURRENT INVESTMENT in the annual Financial statement for 2012-13 stated as under (Page no. 30 of the Annual Report for 2012-13):</b></p> <p>Sethusamudram Corporation Ltd.(SCL), a Special Purpose Vehicle was incorporated on 06.12.2004 for developing the Sethusamudram ShipChannel Project with Government of India, Tuticorin Port Trust, Ennore Port Ltd., Visakhapatnam Port Trust, Chennai Port Trust, Dredging Corporation of India Ltd., Shipping Corporation of India Ltd and Paradip Port Trust as the shareholders. DCI invested in Equity share capital `3000 lakh (previous year `3000 lakh). The dredging work at Palk Strait was suspended from 16-07-2009. The Management does not consider any diminution in the value of the investment and the same has been carried at cost.</p> <p><b><u>Management response to the qualification by auditor as given in the Director's Report is as under (Page no. 8 of the Annual Report for 2012-13) :-</u></b></p> <p>The Management is of the view that the qualification of the Auditors is unwarranted as Sethusamudram Corpoation Limited (SCL) is a Special Purpose Vehicle floated solely for the purpose of the Sethusamudram Ship Channel Project (SSCP) with Central Government as majority shareholder holding 66% of the Rs.745 Cr. paid up share capital along with Ports, SCI and DCI. The holding of DCI is Rs.30Cr which is only about 4% of the paidup share capital of SCL. There is no private investment. It is incorrect to assume that there is any decline in investment value unless any diminution is recognized as such by the Central Government - the major shareholder. SCL is a continuing entity though the dredging work has been stopped/frozen pending final verdict of the Apex Court. Principles of valuation of Trade investment are not relevant to this investment. Moreover, there has been no decline in the investee's assets and results as SCL's Balance Sheet as on 31/03/2012 showed a positive network of Rs.798.97 Cr. Further SCL has declared a pre-operative surplus of Rs.1.91 Cr. for FY 2011-12 in their Annual Report. It is a strategic investment by DCI to grow its business over a long term. Long term investment is to be carried at cost. Unless there are published documents/ financial reports evidencing a decline in the carrying cost, Statutory Auditor's</p>

		qualification is inappropriate. The factual position in this regard is adequately covered in Notes to the Financial Statements 2012-13.
6.	Additional Comments from the board/audit committee chair	<p>Sethusamudram Corporation Limited (SCL) is a SPV floated solely for the purpose of the Sethusamudram Ship Channel Project (SSCP) with Central Government as major shareholder along with Ports, SCI and DCI and the Company is a continuing entity. The dredging work has been discontinued pending judgment by the Hon'ble Supreme Court on various cases/ writ petitions against the implementation of SSCP.</p> <p>As per the latest Audited Financial Statements of SCL, the networth as at 31/3/13 has increased to Rs.801.02 Cr (PY Rs.798.97 Cr.). There is no diminution in the value of investment in SCL by the Company.</p>
7.	To be signed by – - CEO/Managing Director - CFO - Auditor of the company - Audit Committee chairman	

 CEO Capt.D.K.Mohanty Chairman and Managing Director	 CFO P.V.Ramana Murthy Director (Finance)	 12/9/13 Statutory Auditors G.R.Kumar & Co., Chartered Accountants, Firm Reg.No.004941S G.R.Kumar Partner Membership no. 052367	 Chairman, Audit Committee S.Balachandran 05-9-13
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