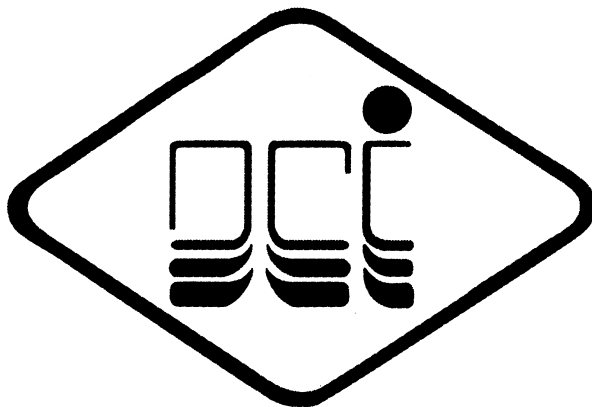


DREDGING CORPORATION OF INDIA LTD.

(A Government of India Undertaking)

38TH ANNUAL REPORT 2013 - 2014



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REGISTERED OFFICE

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

Phone : 011 22448528 Fax : 011 22448527

CIN NO. L29222DL1976GOI008129

e-mail : sreekanth@dc.gov.in

Website : www.dredge-india.com

HEAD OFFICE

"DREDGE HOUSE", Port Area,
Visakhapatnam - 530 001.

Phone: 0891 2523250; Fax : 0891 2560581

BOARD OF DIRECTORS, BANKERS, AUDITORS etc.

BOARD OF DIRECTORS

Capt. D K Mohanty
Chairman and Managing Director

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

Shri M.C.Jauhari

Shri B.Poiyaamozhi
(from 03-04-2013)

Shri S.Balachandran

Shri Vinai Kumar Agarwal

Shri P.V.Ramana Murthy
Director (Finance)
(upto 30-09-2013)

Dr.S.Narasimha Rao
(upto 05-12-2013)

CFO & GENERAL MANAGER (FINANCE)

Shri P. P. Govindachari

COMPANY SECRETARY & COMPLIANCE OFFICER

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

BANKERS

Syndicate Bank
State Bank of India
BNP PARIBAS
EXIM Bank
Deutsche Bank

STATUTORY AUDITORS

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

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

For Hindi Version of the 38th Annual Report 2013-14
please write/ e-mail to the Company Secretary giving
the Folio No. / DP ID & Client ID.



DREDGING CORPORATION OF INDIA LIMITED

NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of the shareholders of Dredging Corporation of India Limited will be held at 10.00 a.m on Monday, the 29th September, 2014 in Manekshaw Centre, Parade Road, Delhi - 110010 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report for the year 2013-14, the audited Balance sheet as at 31st March, 2014 and the Statement of Profit and Loss Account for the year ended 31st March, 2014 together with the Auditor's Report thereon.
2. To declare dividend @ ₹3.00/- per Equity Share of ₹10/- each to the shareholders for the financial year 2013-14.
3. To appoint a Director in place of Cmde.(Retd.) P. Jayapal (holding DIN 03512808), who retires as rotational Director and is eligible for re-appointment.
4. To pass with or without modification, the following resolution as ordinary resolution for payment of remuneration to Statutory Auditors:
"RESOLVED THAT pursuant to the provisions of the Companies Act, 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 2013-2014.

By Order of the Board of Directors
sd/-

Place : Visakhapatnam
Dated : 21/08/2014

(K.Aswini Sreekanth)
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF. THE PROXY SO APPOINTED NEED NOT NECESSARILY BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be received by the company at the registered office of the company not later than 48 hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 13th September, 2014 to 29th September, 2014 (both days inclusive).
4. Dividend on equity shares as recommended by the Directors for the Financial year ended 31st March, 2014, 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 12th September , 2014 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 12th September , 2014.
5. We would like to draw your attention to Circular No. CIR/MRD/DP/10/2013 dated 21st March,2013 ("Circular") issued by Securities and Exchange Board of India (SEBI) , to all listed companies to update bank details of their shareholders holding shares in demat mode and / or physical form , to enable usage of the electronic mode of remittance i.e ECS, NEFT etc., for distributing dividends and other cash benefits to the shareholders.
The circular further states that in cases where either the bank details such as MICR (Magnetic Ink character Recognition), IFSC (Indian Financial Systems code) etc., that are required for making electronic payments are not available or the electronic payment instructions have failed or have been rejected by the Bank, Companies or their Registrars and transfer agents (RTA) may use physical payment instructions for making cash payments to the investors. Companies shall mandatorily print the bank account details of the investors on such payment instruments.
As you are aware payment of dividend and other cash benefits though electronic mode has many advantages like prompt credit, elimination of fraudulent encashment / delay in transit etc.
In case you are holding the company's share(s) in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses, e-mail Id and ECS mandate.
In case you are holding company's share in physical form, please inform company's Registrar and Share Transfer Agent by enclosing a photo copy of blank cancelled cheque of your bank account.
6. M/s Karvy Computershare Private Limited, Plot No. 17- 24, Vittal Rao Nagar, Madhapur, Hyderabad- 500 081 are the Registrar and Share Transfer Agents of the Company.
7. All communications in respect of share transfers and change in the addresses of the members may be communicated to the Registrar and Share Transfer Agents.
8. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the share Transfer Agent/ Company.
9. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.



10. Members seeking any information with regard to accounts are requested to write to the Company at the earliest to facilitate keeping the information ready.
11. Members holding shares in physical form are informed to furnish their bank account details to the RTA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment /misuse of dividend warrants by others.
12. Members/Proxies 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.
13. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. 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. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.
14. Members are requested to note that pursuant to provisions of Section 124 (1) of the Companies Act, 2013, the dividend remaining unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account 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 2006-07 declared at the AGM held on 29/09/2007 is due for transfer to the IEP Fund on 28/09/2014.

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.

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat Accounts. Members holding shares in physical form can submit their PAN details to the company/ RTA.
16. The company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/ documents and annual reports to shareholders. The email addresses indicated in your respective Depository Participant (DP) accounts are being periodically downloaded from NSDL / CDSL and will be deemed to be your registered email address for serving notices/documents including those covered under section 136 of the companies Act, 2013 (corresponding provisions of section 219 of the Companies Act, 1956). Members may also note that the Notice of the 38th AGM and the Annual report for FY 2013-14 copies of audited financial statements, directors' report, auditors' report etc. will also be available on the website of the company, www.dredge-india.com for download. Members holding shares in electronic mode are therefore requested to keep their email addresses updated with the Depository Participants. Members holding Shares in Physical mode are also requested to update their email addresses by writing to the Registrar and Share Transfer Agent of the Company at the address mentioned above quoting their folio number(s).
17. In compliance with provisions of section 108 of the companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 38th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by Karvy Computershare Private Limited.
18. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link <https://evoting.karvy.com/> during the following voting period:

Commencement of e-voting: 10 A.M on 23rd September, 2014; End of e-voting: 5.30 P.M on 25th September, 2014.

19. E-voting shall not be allowed beyond 5.30 P.M on 25th September, 2014. During the e-voting period, Shareholders of the company, holding shares either in physical form or in dematerialised form, as on 22nd August, 2014 may cast their vote electronically.
20. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their email IDs with the company/ their respective Depository participants along with physical copy of the Notice. Those members who have registered their email IDs with the company/ their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.
21. The company has appointed Mr. D.P.Gupta, SGS Associates, Practising Company Secretary at Delhi (Membership No. FCS-2411, CP No. 1509) as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
22. Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance slip.
23. Brief resume of the Director who is due to retire by rotation and is proposed to be re-appointed at this AGM is as under:-

Name of the Director	Cmdr. (Retd.) P.Jayapal
Date of Birth	04/05/1955
Date of appointment	18/04/2011
Qualifications	M.Sc., M.Phil, Master Mariner (Foreign going)
Expertise in specific functional areas	Hydrographic and Oceanographic surveys, Harbour management, Dredging Hydrographic Training, Harbour Maintenance etc.,
Shareholding in DCI	Nil
List of public Companies in which Directorship held	Nil



DIRECTORS' REPORT FOR THE YEAR 2013-14

Your Directors have pleasure in presenting this 38th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2014.

CAPACITY

This year has been a momentous year in the history of the Company with two of the three trailer suction hopper dredgers, order for which have been placed in 2010-11 - DCI Dredge XX and DCI Dredge -XXI joining the fleet in June 2013 and March 2014 respectively. The first Dredger DCI - DREDGE XIX had joined the fleet in previous financial year in December, 2012.

With the induction of these dredgers your Company will be able 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 has proposals to purchase two more higher capacity dredgers in 12th Plan 2012-17.

Your Company has placed order for procurement of ancillary crafts - one self propelled hopper barge and one split hopper barge each of 1000 cums hopper capacity and the same are expected to be delivered by end of this calendar year.

Your Company is sure that with the ongoing capacity augmentation, the performance will continue to improve over the years to come.

FINANCIAL RESULTS

The year witnessed 21% growth in the operations of the company with the operational income increasing to ₹77040.86 lakh as compared to ₹63491.60 lakh for the previous year. The total income for the year is ₹77270.27 lakh as compared to ₹63801.98 lakh for the previous year.

This year your company witnessed a 83% jump in Profit after tax to ₹3754.67 lakh as compared to ₹2050.90 lakh for the previous year.

The Company's earning per share for 2013-2014 is ₹13.41 as compared to ₹7.32 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 @ 30% on the paid up capital of the company i.e ₹3 per equity share of ₹ 10 each amounting to ₹982.76 lakh including dividend tax of ₹142.76 lakh for the year 2013-14. A sum of ₹500.00 lakh has been transferred to General Reserves during the year ended 31/03/2014.

DCI FLEET

The Company has, 12 Trailer Suction Hopper Dredgers (TSHDs), 3 Cutter Suction Dredgers (CSDs) and one Back Hoe Dredger apart from other ancillary crafts. Proposal has been sent to Ministry for decommissioning of Vessel DCI Dr. - VI 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)
Trailer suction Hopper Dredger (TSHD)			
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	-
DCI Dredge XXI	2014	5500	-
Cutter suction Hopper Dredger (CSD)			
DCI Dredge VII	1976	-	1000
DCI Dredge Aquarius	1977	-	2000
DCI Dredge-XVIII	2009	-	2000
Back Hoe Dredger			
DCI Dredge-BH1	2011	-	-



DREDGING OPERATIONS

Your Company is catering to the dredging requirements of the Haldia/ Kolkata Port for the past thirty years. Your 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 Haldia/ Kolkata Port Trust, Visakhapatnam Port Trust, Cochin Port Trust, Kandla Port Trust. Capital Dredging Contracts were executed at Kandla Port.

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

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	3909	3232	83%
Quantity (Lakh Cu.M)	809	740	91%

MEMORANDUM OF UNDERSTANDING

The Company has signed Memorandum of Understanding (MOU) with Government of India for the year 2014-15. The Company is expecting a rating of "Excellent" for 2013-14.

INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE

- (a) All dredgers (except dumb vessels Dr. - VII and Dr. XVIII) and Tug- VII of DCI hold valid Safety Management Certificates (SMC).
- (b) 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 26th February, 2016. The QMS surveillance audit is being carried out every year by IRQS as part of certification of the system.

ENVIRONMENT MANAGEMENT SYSTEM (ISO 14001:2004)

DCI is certified for Environmental Management System (ISO 14001:2004) and the certificate is valid up to 14th 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, Kolkata 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 2013-14 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 2013-14.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors hereby confirm that :

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



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

- a) Conservation of energy under Sec.217(1)(e): Your Company does not fall under the category of companies which are required to furnish this information. However, the following measures have been taken:
- All the dredgers in DCI fleet are installed with sophisticated and state-of-the art instrumentation like Differential Global Positioning System (DGPS) and Draft Volume Load Monitoring (DVLM) system to facilitate efficient dredging with potential energy saving.
 - While procuring new dredgers, fuel efficient design with advanced technology is selected.
 - Continuous efforts are being made to optimise the fuel consumption on board dredgers as cost of fuel constitutes approximately 35-45% of operational cost.
- b) Technology absorption under Section 217 (1) (e): There was no transfer of technology and consequently there is no absorption of technology during the year.
- c) Foreign Exchange earnings and outgo under Section 217 (1) (e)::

	(₹ In Lakhs)
i) Foreign Exchange Earnings :	0.00
Total	0.00
ii) Foreign Exchange outgo:	
a) Import of components and spares (CIF value)	3507.59
b) Payment of interest on foreign currency loan	1074.95
c) Foreign travel	10.58
Total	4593.12

IMPORT SUBSTITUTION

As part of import substitution, the Company has signed agreement with another PSU for design, manufacture and supply of the spare parts indigenously. This small step would go a long way in reducing the dependence on outside suppliers for spare parts.

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 31st March, 2014 was 599, as against 620 during the previous year.

EMPLOYMENT OF VARIOUS RESERVED CATEGORIES:

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

A. Employment of SC/ST Candidates

The Corporation continued its efforts to fulfill its obligation in providing employment opportunities to SC/ST candidates, in accordance with the Government Policy. The overall representation of SC/STs in the Corporation (both Shore and Floating Establishments, but excluding MPWs) as on 31st March, 2014 was SCs - 94, i.e., 15.69 % as against prescribed percentage of 16.66% and STs 30 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 1.19% and Nil as against the percentage of 14.5% and 24.5% respectively as prescribed by the Government.

C. Employment of Physically Handicapped

The number of physically handicapped employees in the Corporation as on 31st March, 2014 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	185	35	03	8.57
B	66	34	02	5.88
C	84	77	02	2.59
D	17	17	Nil	Nil
Total	352	163	07	4.29

The overall percentage of Group 'A' & 'B' posts comes to 7.24% of the identified posts in these Groups, which is higher than the prescribed 3%. The Physically handicapped persons are being paid additional conveyance assistance as per the Government instructions.



D. Employment of women

The number of women employees on Rolls as on 31st March, 2014 is 54 as against 57 as on 31st March, 2013. Out of them number of executives is 15 and Non-Executives is 39.

Compliance with Government's Policy on Women:

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

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

EXISTING BENEFITS AND WELFARE MEASURES FOR THE WOMEN EMPLOYEES :

- i) The women employees in the Corporation are entitled to 180 days of Maternity Leave.
- ii) Special Casual leave not exceeding 14 working days is sanctioned to regular women employees of the Corporation to undergo non-puerperal sterilisation.
- iii) One day special casual leave is allowed to the regular women employees of the Corporation who had ICUD insertions.
- iv) Basing on Apex Court's judgement and keeping in view the Government instructions on Sexual harassment of Women at work places, a Compliants Committee headed by a Woman Officer was constituted to inquire into the complaints of Sexual Harassment at work places. A Compliants 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.
- vi) As a welfare measure, a Rest Room is provided exclusively for the women employees.
- vii) Working uniforms are provided to Group'D' women employees, as per the scales prescribed in the Rules.
- viii) The women employees of DCI are sponsored to various in-house and also external training programmes. All the 54 women employees had undergone training during the year 2013-14.
- viii) Women's Day was celebrated on 08.03.2014 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 2015 is revised and implemented w.e.f. 01.04.2014
- 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 2013-14, 291 employees were trained in various training programmes.
- ii) During the year 2013-14, 8 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 Seminar on "Dredging Technologies" organized by Antwerp/Flanders Port Training Centre from 29.09.2013 to 11.10.2013.

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.

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 2013. 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 Chairman, Town Official Language Implementation Committee (TOLIC), Visakhapatnam has awarded an Official Language Shield to CMD, DCI for excellent implementation of Hindi/Official Language Policy in the Corporation. 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 2013-14, 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.

As a result of inspections, during the period under review, the disciplinary authority has ordered minor penalty proceedings against officers and issue of advisory memos.

Vigilance Awareness week was observed during 28th October 2013 to 2nd November, 2013. Vigilance web page on the Company's website has been redesigned incorporating various aspects of vigilance, besides launching of online complaint system. Quarterly Vigilance Bulletin "Alert" is being published for dissemination of the latest information and knowledge on vigilance.

As a part of management education, illuminating articles on management & leadership are being circulated every week to all employees. Training programs on various matters were being held regularly.

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 2013-14. Pursuant to the provisions of the Companies Act 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 2013-14 for approval of the Members at this AGM.



INDEPENDENT AUDITOR'S REPORT AND MANAGEMENT REPLY/ COMMENTS TO THE QUALIFICATIONS IN INDEPENDENT AUDITOR'S REPORT

The Independent Auditor's Report on the Accounts for 2013-14 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 31st March, 2014 are placed next to the Statutory Auditor's Report. The Statutory Auditors have in their Report given the following basis for their Qualified Opinion, Disclaimer of Opinion and Emphasis of Matter.

QUOTE

QUALIFIED OPINION:

The Company has not recognized impairment of long-term investments of ₹3,000 lacs (Last year: ₹3,000 lacs) in M/s Sethusamudram Corporation Limited (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 Companies Act 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ["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.

The above note was carried by way of a Qualified Opinion for the year ended Mar 31, 2013 whereby it was stated that had such provision as stated in paragraph 4 (a) recognised, the profits of the Company for the year ended 31st March, 2013 and the reserves of the Company as at 31st March, 2013 would have been lower by ₹3,000 lacs; thereby resulting in net loss of ₹949.10 lacs.

Though reported profits for the current year ended March 31, 2014 remains unaffected, yet Shareholders' Funds which stood at ₹1,39,540.61 lacs as at that date would be lower by ₹3,000 lacs.

DISCLAIMER OF OPINION :

Of the Company's fixed assets which are carried in the Balance Sheet, the Company has not provided for impairment loss on Dredger XVIII [book value / carrying amount as on March 31, 2014 ₹21,266.19 lacs] which was acquired in January 2011 but was not in use since Mar 2012 on account of technical defects and design flaws. Non provision of impairment loss is a departure from AS-28 "Impairment of Assets" as prescribed under the Act. Management was unable to provide an Independent Expert's Technical Evaluation Report as also a Valuation Report in order to arrive at the fair value and, consequently, quantify the possible impairment loss of the dredger. As a result, we were unable to quantify the impairment loss in respect of the said asset.

EMPHASIS OF MATTERS:

We draw attention to Note X – "Trade Receivables" to the financial statements which describes the uncertainty as to timing of recovery of debts from M/s Sethusamudram Corporation Ltd. (SCL) amounting to ₹11,433.18 Lakhs in respect of which the Company has not provided for doubtful debts for ₹8,413.91 Lakhs on its trade receivables of ₹11,433.18 Lakhs (Last year : ₹11,878 Lakhs) due from M/s SCL - against which the company had already made a part provision of ₹3,019.27 Lakhs in earlier years. Owing to certain recent developments in its favour, the Company is confident of recovering the receivables from Government, at whose behest the contract with SCL was entered into.

UNQUOTE

THE MANAGEMENT'S REPLY/ COMMENTS TO THE ABOVE QUALIFICATION/ DISCLAIMER/ EMPHASIS OF MATTERS IN THE AUDITOR'S REPORT IS AS UNDER:

a) Reply on Qualified Opinion :-

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, SCI 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 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 31/03/2013 showed a positive network of ₹801.02Cr (PY ₹798.97 Cr.). Further SCL has declared a pre-operative surplus of ₹2.05 Cr. for FY 2012-13 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. As per AS 13 it is a Management call to consider or otherwise any decline in the value of the investment. The factual position in this regard is adequately covered in Notes to the Financial Statements 2013-14. The Statutory Auditor have given a qualified opinion on the above issue for the previous year 2012-13 as well which was not accepted by Management. The matter has now been referred to Financial Review Reporting Board of Institute of Chartered Accountants of India by SEBI vide its letter dated 1/4/14 as per the requirements of the Listing Agreement and the final decision is awaited.

b) Reply on Disclaimer of Opinion

The dredger DCI Dr XVIII which had manufacturing defects and as per the provisions of the Contract, the Performance Bank Guarantee has been encashed. The management is on the job to rectify the manufacturing defects. Management is thus confident that the dredger will