



# DREDGING CORPORATION OF INDIA LIMITED

CIN No. L29222DL1976GOI008129 GST NO. 37AAACD6021B1ZB  
Head Office : "DREDGE HOUSE", Port Area, Visakhapatnam-530001  
Phone : 0891 2523250, Fax : 0891 2560581/ 2565920,  
Website: [www.dredging-india.com](http://www.dredging-india.com)



Regd. Office : Core-2, First Floor, Scope Minar , Laxminagar District Centre, Delhi – 110092

DCI/CS/E.1/2019

30/05/2019

The Secretary, The Stock Exchange, Mumbai 25th Floor, Rotunda Building, Phiroze, Jeejeebhoy Towers Dalal Street, Fort, Mumbai -400001	Code : 022 – 2272 2041, 2037, 523618 3719, 2039, 2061/2272 1072
The Secretary The National Stock Exchange of India Ltd. 5th Floor, Exchange Plaza, Bandra (E) Mumbai – 400051	Symbol : 022 – 26598237 / 38 DREDGECO RP
The Secretary The Calcutta Stock Exchange Assn. Ltd. 7, Lyons Range, Kolkata – 700001	033 – 22104492/ 22104500

Dear Sir,

Subject: Financia Results, Unmodified opinion and Dividend

As per the Regulation 29 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Stock Exchanges were informed that on 14/05/2019 that a meeting of the Board of directors would be held on 30/05/2019 inter-alia to consider the Standalone Audited financial results for the year ended 31/03/2019.

2. We have to inform you that the Board in the said meeting considered and approved the financial results for the year ended 31/03/2019 and the same are attached along with the limited review report given by the Statutory Auditor for the same.

3. We have taken steps to publish the Annual Standalone Audited financial Results in the "Business Standard" all editions for English version and "Business Standard" all editions for Hindi versions to meet the provisions of the aforesaid clause of the Listing Regulations, 2015.

4. The Board of Directors in its above meeting held on 30/5/2019 declared dividend @ 30% on the paid-up share capital of the Company i.e., Rs.3/- ( Three Rupees only) per equity share of Rs.10/- each for the year 2018-19. The same shall be paid within 30 days after the approval of the shareholders in Annual General Meeting to be held by 30/9/2019.

5. Pursuant to Regulation 33 (3) of the Listing Regulations, as amended, we inform you that the Auditors have given an unmodified opinion on the Annual Audited Financial Results of the Company for the Financial year 2018-19.

6. This may please be treated as intimation to Stock Exchanges as per Regulation 33, Regulation 47 and regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. The Board meeting commenced on 30-05-2019 at 1330 Hrs and ended at 1645 Hrs.

Thanking You,

Yours faithfully,

For Dredging Corporation of India Limited

(K.Aswini Sreekanth)  
Company Secretary

**DREDGING CORPORATION OF INDIA LIMITED**

CIN no: L29222DL1976GOI008129

Registered Office: Core-2, 1st Floor, "SCOPE Minar", Plot No.2A & 2B, Laxmi Nagar District  
Centre, DELHI-110 091

Head Office: "Dredge house" Port area, Visakhapatnam-530001

**Standalone Financial Results for the Quarter and Year ended 31st March, 2019**

Rs.in lakhs

S.No	Particulars	Unaudited		Audited	
		Quarter Ended March 31, 2019	Quarter Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
1	Revenue from operations	23,846.86	15,276.36	69,173.86	59,187.36
2	Other Income	(8.28)	1,542.54	677.72	2,024.54
<b>3</b>	<b>Total Income (1+2)</b>	<b>23,838.58</b>	<b>16,818.90</b>	<b>69,851.58</b>	<b>61,211.90</b>
<b>4</b>	<b>Expenses</b>				
	a) Employee benefit expense	3,025.40	1,976.75	10,437.40	9,659.75
	b) Finance costs	566.03	518.07	1,754.03	2,023.07
	c) Depreciation and amortization expense	2,869.38	2,916.76	11,291.38	11,317.76
	d) Other expenses	6,219.98	9,398.48	41,616.99	36,034.48
	<b>Total expenses (4)</b>	<b>12,680.79</b>	<b>14,810.06</b>	<b>65,099.80</b>	<b>59,035.06</b>
<b>5</b>	<b>Profit before exceptional items and tax (3-4)</b>	<b>11,157.79</b>	<b>2,008.84</b>	<b>4,751.78</b>	<b>2,176.84</b>
6	Exceptional Items	-	-	-	-
<b>7</b>	<b>Profit before tax (5-6)</b>	<b>11,157.79</b>	<b>2,008.84</b>	<b>4,751.78</b>	<b>2,176.84</b>
<b>8</b>	<b>Tax Expense:</b>				
	Current tax	47.81	297.56	292.81	462.56
		<b>47.81</b>	<b>297.56</b>	<b>292.81</b>	<b>462.56</b>
<b>9</b>	<b>Profit for the year (7-8)</b>	<b>11,109.98</b>	<b>1,711.28</b>	<b>4,458.97</b>	<b>1,714.28</b>
10	Other comprehensive income	-	(50.01)	-	(50.01)
<b>11</b>	<b>Total comprehensive income for the period (8-9)</b>	<b>11,109.98</b>	<b>1,661.27</b>	<b>4,458.97</b>	<b>1,664.27</b>
12	Paid up share capital (face value Rs,10/- each)	2,800.00	2,800.00	2,800.00	2,800.00
13	Paid up debt capital/Outstanding Debt	-	-	65202.07	80948.05
14	Earnings per equity share				
	(1) Basic (in `)	39.68	5.93	15.92	5.94
	(2) Diluted (in `)	39.68	5.93	15.92	5.94
15	Reserve excluding Revaluation Reserve	-	-	1,55,341.99	1,51,610.22
16	Debenture/Bonds Reserve	-	-	3,000.00	3,000.00
17	Debt Equity ratio	-	-	0.41	0.52
18	Debt Service coverage Ratio	-	-	1.17	1.03
19	Interest coverage ratio	-	-	4.69	1.81
20	Net worth	-	-	1,58,141.99	1,54,410.22



Statement of Assets & Liabilities		
ASSETS	As at March 31, 2019	As at March 31, 2018
<b>Non-current assets</b>	1,71,855.61	1,81,661.80
(a) Property, plant and equipment		
(b) Capital work-in-progress	3,346.39	4,284.38
(c) Financial Assets		
(i) Investments	375.01	375.01
(ii) Other financial assets	38.51	45.23
<b>Total non-current assets</b>	<b>1,75,615.52</b>	<b>1,86,366.42</b>
<b>Current assets</b>		
(a) Inventories	19,113.42	19,265.04
(b) Financial Assets		
(i) Trade receivables	25,502.23	23,809.44
(ii) Cash and cash equivalents	8,431.62	8,208.95
(iii) Bank balances other than (ii) above	447.45	3.16
(iv) Other financial assets	10,335.33	12,123.98
(c) Current tax assets (Net)	5,702.51	4,963.40
(d) Other current assets	1,494.96	9,850.05
<b>Total current assets</b>	<b>71,027.52</b>	<b>78,224.03</b>
<b>Total assets</b>	<b>2,46,643.04</b>	<b>2,64,590.45</b>
<b>EQUITY AND LIABILITIES</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>Equity</b>		
(a) Equity Share Capital	2,800.00	2,800.00
(b) Other Equity	1,55,341.99	1,51,610.22
<b>Total equity</b>	<b>1,58,141.99</b>	<b>1,54,410.22</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial Liabilities		
Borrowings	52,026.28	67,240.47
(b) Provisions	1,112.28	1,175.05
(c) Other non-current liabilities	344.39	244.78
<b>Total non-current liabilities</b>	<b>53,482.95</b>	<b>68,660.30</b>
<b>Current liabilities</b>		
(a) Financial Liabilities		
(i) Trade Payables	12,628.34	18,006.41
(ii) Other financial liabilities	13,365.91	13,948.12
(b) Provisions	320.00	320.00
(d) Other current liabilities	8,703.85	9,245.40
<b>Total current liabilities</b>	<b>35,018.10</b>	<b>41,519.93</b>
<b>Total Liabilities</b>	<b>88,501.05</b>	<b>1,10,180.23</b>
<b>Total Equity And Liabilities</b>	<b>2,46,643.04</b>	<b>2,64,590.45</b>

#### Notes

1. The Company is engaged in the business of dredging and therefore, has only one reportable segment in accordance with IND AS 108 "Operating Segments"
2. As per the minutes of the meeting of AS&FA committee held on 25.02.2019 w.r.t. Outstanding dues from Sethusamudram Corporation Ltd(SCL), it was recommended to release an amount of Rs.136.72Cr to DCI. Out of this amount, an amount of Rs.21Cr suggested to release immediately by SCL to DCI out of the funds available with SCL and DCI received this amount on 02/04/2019. For the balance amount, AS&FA directed SCL to move a note seeking approval of cabinet needs to be moved for seeking Govt budgetary resources to release balance outstanding dues to DCI. Hence during the year DCI reversed provision of Rs.114.33Cr which was created in current financial year (Rs.84.14Cr) and earlier financial year (Rs.30.19Cr)



3. Pursuant to Regulation 52(4) (e) and Regulation 54(2) of the SEBI (LODR) Regulations, 2015. It is informed that the company has issued DCI Tax free BONDS 2012-13 in the nature of secured, redeemable, non-convertible debentures("Bonds") having tax benefit under section 10(15)(iv)(h) of the Income Tax Act,1961-(ISIN series-INE506A27015) for an amount of Rs.58.87Cr which are listed on BSE. The Bonds are secured by way of first charge on the Back Hoe Dredger DCI BH-1 and as on date hundred percent asset cover is maintained. Coupon rate is 6.97%for Category I, II, III and IV with additional coupon rate of 0.50% for Category IV Original Allottees. The Interest paid on 28/03/2019 was Rs.4,14,13,016.
4. Disclosure pursuant to Regulation 52(4) of SEBI (LODR):-

	Particulars	DCI Tax free BONDS 2012-13	Remarks
a)	Credit Rating	1.CARE: A+ Stable 2.BRICKWORK: BWR AA+ (SO)	CARE : revised from CARE A-Negative
b)	Previous interest due date	28/03/2019	Interest paid and no bonds were due for redemption
c)	Interest paid on	28/03/2019	
d)	Next Interest due date	28/03/2020	No Bonds are due for redemption
e)	Asset Cover	100%	As on 31/03/2019
f)	Net Worth	Rs.158141.99 Lakhs	As on 31/03/2019

5. The details of foreign exchange loss/(gain) for the period/year are Rs.(91.22) lakhs are included under finance cost.
6. During the year Bank Guarantees amounting to Rs.1110 lakhs encashed and the same is adjusted against capital advance paid earlier towards construction of split hopper barges as the contract was rescinded with M/s.Virgo Marine shipyard Ltd during this year.
7. DCI placed the order in October 2005 for Cutter Suction Dredger (CSD) on Mazagon Dock Limited (MDL) at a cost of Rs.269.58 Crs and final landed cost of CSD was Rs.273.74Crs.MDL delivered the vessel in March 2010 (Dredge XVIII) with poor construction, inordinate delay in supply of Dredger, failure to conduct successful trials as envisaged in the contract resulted in poor performance of the Dredger after delivery. Therefore, DCI encashed the Performance Bank Guarantee of Rs.27.32Crs on 01-11-2013 submitted by the contractor. In Feb 2014 MDL has referred the matter to Permanent Machinery of Arbitration (PMA) claiming that Encashment of BG by DCI is bad and illegal, and for refund of Rs.30.35Crs (BG amount along with interest and other charges). Finally, joint Secretary &Arbitrator of PMA has published the Award on 12-06-2018 in favor of MDL for an amount of Rs.15 Cr plus interest. However, DCI challenged the award before AMRDC and the matter is still pending.
8. DCI had earlier entered into an agreement with Shipyard De Donge (Yard) for design, build and delivery of Backhoe Dredger within a period of 18 months (27.07.2010). Yard failed to supply the vessel within time and DCI deducted Liquidated Damages amounting to Euros 3,000,000. The issue was referred to Arbitration and the Arbitration Tribunal passed an award in favor of the yard for Euros of 1,016,756 amounting to around Rs.9Cr. to the Shipyard. DCI challenged the award before High Court of Andhra Pradesh.
9. DCI subcontracted a portion of the dredging works at Sethusamudram to M/s Mercator Lines Limited (MLL).There were some contractual issues and the same were referred to Arbitration. The Arbitration Tribunal passed the award for an amount of Rs.50.77Crs plus interest in favor of MLL. DCI has filed an appeal in this regard in Delhi High court.
10. Board of Directors of the Company have declared dividend of 30%equivalent to Rs 3/- Rupees three only) per equity share of Rs 10/- each for the financial year 2018-19 subject to approval of Members at the 43<sup>rd</sup> Annual General Meeting and in Compliance with the relevant Provisions of the Companies Act 2013 and rules made thereunder.
11. The audited accounts have to review by C&AG U/s 143(6) of The Companies Act, 2013



12. The figures of the last quarter ending 31/03/2019 are the balancing figures in respect of figures for full financial year 2018-19 and the figures published up to third quarter of FY 2018-19.
13. The above financial results were reviewed by the Audit Committee at its meeting held 30-05-2019 and have taken record by the Board of Directors at its meeting held on 30-05-2019.
14. Figures of the previous years have been regrouped / reclassified where ever necessary.

By Order of the Board  
For Dredging Corporation of India Limited

  
(Rajesh Tripathi)  
Managing Director & CEO

Place: Visakhapatnam  
Date: 30/05/2019.



**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Dredging Corporation of India Limited

**Report on the IND AS Financial Statements:****Opinion**

We have audited the accompanying IND AS financial statements of Dredging Corporation of India Limited ("the Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss (including other comprehensive income) and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information, in the manner so required, and give a true and fair view in conformity with the Indian Accounting standard prescribed under section 133 of the Companies Act 2013 and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit including other comprehensive income and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



1. Key Audit Matter:

The Company carried out capital dredging for Mormugao Port Trust (MPT) during Financial Years 2015-16 and 2016-17 in pursuance of a Contract. Disputes arose between the Company and MPT on account of certain technical parameters and legal matters. The Company has recognised revenue of Rs. 10108 lakhs during the respective years and receivable as at 31<sup>st</sup> March 2019 is Rs. 2812 lakhs. The Company has put up a further claim of Rs. 9869 lakhs towards idle charges and consequential matters which is considered as and disclosed under Contingent Assets. The disputed matters are pending before the Inter Organisational Committee constituted by Indian Ports Association and as such, fair value of receivable is sensitive to outcome of the recommendations of the committee.

Auditor's Response

Our audit procedures consist of verifying management's assumptions relating to fair value of the receivable. We have considered the proceedings of the Committee and the correspondence between the parties from time to time and also relied upon the management's judgement that there is no reduction in the fair value of the receivable outstanding in the books of account.

2. Key Audit Matter:

The Company is availing Input Tax credit on eligible input goods and services and capital goods under respective GST Acts. The Company has not reconciled such Input Tax credits with the Electronic credit Ledgers as per GST Portal.

Auditor's Response

As per the explanations offered by the Company and in the opinion of the management, the reconciliation is under process and the effect of such reconciliation will not be material considering the turnover and profit of the Company. Procedure and the status of reconciliation have been appropriately considered by us and also relied upon the management's opinion.

### **Responsibilities of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a. identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- e. evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Emphasis of Matter**

We draw attention to the following matters. Our opinion is not qualified in respect of this matter.

- a) Trade Receivables include a sum of Rs. 13627 lakhs due from M/s Sethusamudram Corporation Limited (SCL) towards works executed during 2005-06 to 2008-09 which has become a matter of dispute. A Committee chaired by Additional Secretary & Financial Advisor, Ministry of Shipping, Government of India (AS & FA Committee) compromised the outstanding issues between the Company and SCL by recommending for payment of Rs. 13627 lakhs which was accepted by both the Parties. As a consequence of AS & FA Committee recommendations dated 25.02.2019, the Company has reversed the provision for doubtful debts of Rs. 3019 lakhs held since FY 2011-12. Further, provision of Rs. 8444 lakhs made during the first half year of the current year has also been withdrawn.
- b) Outstanding balances under Trade Payables, Other Payables, Trade Receivables, Advance to Suppliers are subject to reconciliation.



## Other Matters

We did not audit the financial statements of branch at Bangladesh included in the financial statements of the Company whose financial statements reflect total assets of Rs. 488 lakhs as at 31st March, 2019 and the total revenue of Rs. 4173 lakhs for the year ended on that date, as considered in the financial statements. The financial statements of this branch have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditors. Our opinion is not modified in respect of this matter.

The financial statements of the Company for the year ended 31<sup>st</sup> March 2018 were audited by other Auditors whose report dated 28<sup>th</sup> May 2018 expressed an unmodified opinion on those statements. Our opinion is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required under the directions and sub-directions issued by the Comptroller and Auditor General of India in terms of Sub-section (5) of Section 143 of the Companies Act 2013, we are enclosing our report in “**Annexure A**”.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the “**Annexure B**” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
  - e. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure C**”.



- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended) in our opinion and to the best of our information and according to the explanations given to us.
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 26.1 to the financial statements;
- ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Sriramamurthy & Co  
Chartered Accountants  
FRN 003032S

*D. T. Sagar*

CA. D. TEJA SAGAR  
Partner  
Memb No: 227878

Place: Visakhapatnam  
Date: 30<sup>th</sup> May 2019



## ANNEXURE-A to the Independent Auditors' Report

Report on Directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013

S.No.	Areas Examined	Observations/Findings
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system in place to process all the accounting transactions through IT System i.e. Microsoft Dynamics. Inventory accounting on Board Dredgers is manually maintained. Based on Manual Stores Consumption Reports (SCR), consolidated entries are posted in to the IT System periodically. However, there are no implications of processing of Inventory consumption accounting outside IT system on the integrity of accounts.
2.	Whether there is any restructuring of an existing loan or cases of waiver /write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes. the financial impact may be stated.	According to the information and explanations give to us and based on our examination of the records of the Company, there has been no restructuring/ waiver/write off of any existing loan taken by the Company. As such there is no financial impact involved.
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	No such Funds have been received / receivable for specific schemes from central / state agencies.

For Sriramamurthy & Co  
Chartered Accountants  
FRN 003032S



CA. D.TEJA SAGAR  
Partner  
Memb No: 227878

Place: Visakhapatnam  
Date: 30<sup>th</sup> May 2019



## **Annexure-B to the Independent Auditors' Report**

(Referred to in paragraph 2 under 'Reports on Other Legal and Regulatory Requirements' section of our report of even date to the members of Dredging Corporation of India Limited on the financial statements for the year ended 31<sup>st</sup> March 2019)

- (i) In respect of Company's fixed assets
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a programme of physical verification of fixed assets on a yearly basis, which in our opinion is reasonable having regards to the size of the Company and nature of its business. Fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties owned by the company are held in the name of the Company.
- (ii) Physical verification of Inventory has been conducted by the Management at reasonable intervals during the year. Material discrepancies that were noticed on physical verification as compared to the book records have been accounted for in the books of account.
- (iii) The Company has not granted loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and security attracting the provisions of section 185 and 186 of the Act.
- (v) According to the information and explanations given to us the company has not accepted any deposit from the public pursuant to sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under.
- (vi) To the best of our knowledge, the Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of the Company's nature of business.
- (vii) (a) In our opinion and according to the information and explanation given to us, The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues to the appropriate authorities.



- (b) According to the information and explanations given to us, the following dues of Income Tax, Service Tax and Entry Tax have not been deposited by the company on account of disputes:

S.No	Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount (Rs. in lakhs)
1	Finance Act, 1994	Service Tax	CESTAT	2005-06 to 2015-16	13076
2	Karnataka Tax on Entry of Goods Act, 1979	Karnataka Entry Tax	High Court	1991-92	23

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks, financial institutions and government or dues to debenture holders during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Hence reporting under clause (ix) of the Order is not applicable.
- (x) In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officer or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi company. Accordingly, Clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, Clause 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, Clause 3(xv) of the Order is not applicable.



- (xvi) The nature of the business and activities of the Company are such that the Company is not required to obtain registration under Section 45-IA of the Reserve Bank of India Act, 1934.

For Sriramamurthy & Co  
Chartered Accountants  
FRN 003032S

*D.T. Sagar*

CA. D.TEJA SAGAR  
Partner  
Memb No: 227878

Place: Visakhapatnam  
Date: 30<sup>th</sup> May 2019



## **Annexure-C to the Independent Auditors' Report**

(Referred to in paragraph 3(e) under 'Reports on Other Legal and Regulatory Requirements' section of our report of even date to the members of Dredging Corporation of India Limited on the financial statements for the year ended 31<sup>st</sup> March 2019)

### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting with reference to financial statements of Dredging Corporation of India Limited ('the Company') as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls with reference to Financial Statements**

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to financial statements.





### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to financial statements includes those policies and procedures that

- (1) Pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Visakhapatnam  
Date: 30<sup>th</sup> May 2019



For Sriramamurthy & Co  
Chartered Accountants  
FRN 003032S

CA. D. TEJA SAGAR  
Partner  
Memb No: 227878