

DREDGING CORPORATION OF INDIA LIMITED

(A Government of India Undertaking)

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

Un-Audited Financial Results for the Quarter and Nine months ended 31st Dec, 2014

PART-I		Quarter ended			Nine months ended		Year ended
		31-12-2014 (Q3 CY)	30-09-2014 (Q2 CY)	31-12-2013 (Q3 PY)	31-12-2014 (To date Q3 CY)	31-12-2013 (To date Q3 PY)	31-03-2014 (PY)
Particulars		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1		2	3	4	5	6	7
1	Income from Operations						
	(a) Net Income from Core Dredging Operations	18180	16551	20689	53176	56687	77172
	(b) Other Operating Income	341	345	192	1174	176	(131)
	Total Income from Operations (Net)	18521	16896	20881	54351	56863	77041
2	Expenses:						
	a) Cost of materials consumed	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	b) Purchases of Stock-in-Trade	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	c) Changes in inventories of finished goods work-in-progress and Stock-in-Trade	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	d) Employee benefits expense	2233	2236	3239	6681	7747	9793
	e) Depreciation and amortization expense	2258	2233	3667	6851	10200	13832
	f) Repairs and Maintenance (Vessels)	2799	1551	750	5928	1846	1939
	g) Fuel and Lubricants	7082	7051	9396	23004	25297	35151
	h) Spares and Stores	963	743	(111)	2802	2469	4077
	i) Other expenses	1961	2308	2223	5287	5254	7496
	Total expenses	17294	16121	19164	50551	52813	72288
3	Profit /Loss from Operations before other income , finance costs and exceptional items (1-2)	1227	775	1717	3800	4050	4753
4	Other Income	224	143	124	456	187	229
5	Profit /Loss from ordinary activities before finance costs and exceptional items (3 + 4)	1451	918	1841	4256	4237	4982
6	Finance costs	688	677	324	2088	700	1099
7	Profit /Loss from ordinary activities after finance costs and exceptional items (5-6)	763	241	1517	2168	3537	3884
8	Exceptional Items	0	114	0	114	0	-
9	Profit(+)/ Loss(-) from Ordinary Activities before tax (7-8)	763	355	1517	2282	3537	3884
10	Tax Expense	35	31	15	116	40	129
11	Net Profit(+)/ Loss(-) from Ordinary Activities after tax (9-10)	728	324	1502	2166	3497	3755
12	Extraordinary Items(net of tax expense (₹Nil)	-	-	-	-	0	-
13	Net Profit(+)/ Loss(-) for the period (11-12)	728	324	1502	2166	3497	3755
14	Share of profit/loss of associates	-	-	-	-	-	-
15	Minority interest	-	-	-	-	-	-
16	Net profit/ loss after taxes, minority interest and share of profit/loss of associates (13-14-15)	728	324	1502	2166	3497	3755
17	Paid-up equity share capital (Face Value of the share: (₹10)	2800	2800	2800	2800	2800	2800
18	Reserves excluding Revaluation Reserves as per Balance sheet of Previous Accounting Year	-	-	-	-	-	139541
19.i	Earnings per Share (before extraordinary items) (of ₹10 each) Not to be annualised						
	(a) Basic	2.60	1.16	5.36	7.74	12.49	13.41
	(b) diluted	2.60	1.16	5.36	7.74	12.49	13.41
19.ii	Earnings per Share (after extraordinary items) (of ₹ 10 each) Not to be annualised						
	(a) Basic	2.60	1.16	5.36	7.74	12.49	13.41
	(b) diluted	2.60	1.16	5.36	7.74	12.49	13.41
Part II							
A	Particulars of share holding						
1	Public Shareholding: No. of shares	60,02,300	60,02,300	60,02,300	60,02,300	60,02,300	60,02,300
	Percentage of shareholding	21.44%	21.44%	21.44%	21.44%	21.44%	21.44%
2	Promoters and Promoter group shareholding (In the name of President of India)						
	a) Pledged/Encumbered						
	- No. of Shares	-	-	-	-	-	-
	- Percentage of shares (as a percentage of total shareholding of promoter & promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a percentage of total share capital of the Company)	-	-	-	-	-	-
	b) Non-encumbered						
	- No. of Shares	21997700	21997700	21997700	21997700	21997700	21997700
	- Percentage of shares (as a percentage of total shareholding of promoter & promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a percentage of total share capital of the Company)	78.56%	78.56%	78.56%	78.56%	78.56%	78.56%
B	Number of investor complaints						
	i) Pending at the beginning of the quarter ended 31st Dec , 2014 :	0					
	ii) Received during the quarter ended 31st Dec, 2014:	63					
	iii) Disposed off during the quarter ended 31st Dec, 2014:	63					
	iv) Lying unresolved as on 31st Dec , 2014:	0					

Notes

1. N A = Not applicable since DCI is not a Manufacturing Company.
2. Segmental Reporting as per AS-17 issued by ICAI is not applicable since the Company has only one segment income i.e., dredging.
3. Based on technical evaluation and confirmation from the Builder of Dredgers, the useful life of Dredgers was fixed as 25 years instead of 14 years as specified in Part-C of Schedule –II of the Companies Act, 2013 as per amended sub-paragraph (i) of paragraph 3 of Part-A of the said Schedule, vide Notification No. GSR 237(E) dated 31 March, 2014 issued by MCA of GOI. Accordingly the accounting policy on depreciation was revised wef 01/04/2014 as approved by the Board of Directors in its 288th meeting. The same policy was followed during the QE 31/12/2014.
4. Pursuant to the Company's claim vide its letter dated 06/06/2012 for works executed in Sethusamudram project, the Company is of the view that an amount of Rs 30897 lakhs will be reimbursed by GOI to the Company to compensate the actual expenditure incurred on this project. In view of this provision for doubtful debts amounting to Rs 8413.91 lakhs has not been made in respect of receivables in this regard.
5. As regards equity investment made in Sethusamudram Corporation Ltd (SCL) amounting to Rs 3000 lakhs, the Company does not consider any diminution in the value of the investment and the same has been carried at cost during the current quarter. National Stock Exchange of India Ltd (NSE) vide its letter no.NSE/LIST/8500 dated 26/12/2014 advised the Company to restate the financial statements for FY 2012-13 suitably on the qualifications raised by the then Statutory Auditors M/s G R Kumar &Co. The Company vide its letter no.DCI/CS/E.1/2015 requested NSE to review its decision appropriately as it would not be correct to consider any diminution in value of the investment as investee company's (SCL) networth has been increasing over the period as under:

Rs lakhs			
Sethusamudram Corporation Ltd (A Government of India Enterprise)			
Financial Years	Share Capital	Reserves & Surplus	Networth
2011-12	74500	5397	79897
2012-13	74500	5602	80102
2013-14	74500	5818	80318

Appropriate action will be taken based on the consideration of review petition by NSE.

6. The Statutory Auditors have carried out the limited review of financial results of the Company for the quarter ended 31/12/2014 in terms of the Clause 41 of the listing agreement with stock exchanges. Statutory Auditor's qualification in their report is as under:

Quote:

"We draw attention to the Note 5 where in Company has made investments in Equity shares amounting to Rs.3,000 lakhs in Sethusamudram Corporation Limited(SCL), a Special Purpose Vehicle which was incorporated on 06/1/2004 for developing the Sethusamudram Ship Channel Project. 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. With regard to the previous statutory auditors qualification in this respect on the accounts for the financial year 2012-13, National Stock Exchange of India Ltd (NSE) vide its letter no. NSE/LIST/8500 dated 26/12/2014 advised the Company to restate the financial statements for FY 2012-13. However, Management has not provided any diminution and it is of the view that, the SCL is Government Company and latest financial statements are not showing any indication of fall down of the net worth of the company. Accordingly company has filed petition dated 21/01/2015 to the NSE to review its decision.

Management is of the view that, the effect of any changes based on qualified statutory auditor's report shall be given in annual accounts which is clarified by the SEBI vide its circular dated 5th June, 2013. As per prudence concept, the diminution of value of investment shall be considered for the current quarter, as the NSE has issued its clarification on the then statutory auditors qualification vide its letter dated 26/12/2014. In our view, any event which effects profitability substantially shall be disclosed in the quarter in which it occurs to give true and fair view of that quarter results. If the management considers the NSE advice mentioned above, the profit of the current quarter will be reduced by Rs. 3000 lakhs, thereby net results will be Rs.-2273 lakhs." Unquote.

7. The Company's Reply:

Attention is invited to Note No. 5 whereat the Company has adequately disclosed the factual position with regard to decision of SEBI based on the opinion of FRRB of ICAI.

National Stock Exchange of India Ltd (NSE) vide its letter no. NSE/LIST/8500 dated 26/12/2014 informed the Company that the qualification made by the Statutory Auditor is justified and advised the Company to restate the financial statements for FY 2012-13. The communication received from NSE was not a speaking order as to know the basis on which the conclusions were arrived at.

The Company vide its letter no.DCI/CS/E.1/2015 requested NSE to review its decision appropriately as it would not be correct to consider any diminution in value of the investment as Investee Company's (SCL) net-worth has been increasing over the period as under:

Rs lakhs			
Sethusamudram Corporation Ltd (A Government of India Enterprise)			
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2013-14	74500	5818	80318

Further, Gol intends to pursue the implementation of the project. Gol has engaged RITES to undertake "Pre-feasibility study of navigation through Pamban Pass" in July 2014. The report submitted by Rites in Sep, 2014 is under examination for further course of action.

Pending decision on the review petition before NSE, no provision in this regard has been made during the quarter. Appropriate action will be taken after receipt of speaking order and final decision by NSE.

8. The above financial results have been approved by the Board of Directors at its 292nd meeting held on 14/02/2015. In the absence of independent directors, Audit Committee could not be constituted and financial results were placed directly before the Board of Directors.
9. Figures for previous years have been regrouped/reclassified wherever necessary.

By order of the Board.
For Dredging Corporation of India Ltd

Place: Delhi
Date: 14-02-2015

Sd/-

Chairman and Managing Director.