



ఆంధ్రప్రదేశ్ ఆంధ్ర ప్రదేశ్ ANDHRA PRADESH

No. 14741 Date 18/9/2015

Issued to P.V.N. Krishna Rao & P.S.V.R.K. Pothachandrarao

For Whom Dredging Corporation of India Limited, Visakhapatnam

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MEMORANDUM OF UNDERSTANDING

between

COCHIN SHIPYARD LIMITED, COCHIN

and

DREDGING CORPORATION OF INDIA, VISAKHAPATNAM

AGREEMENT FOR MAINTENANCE DREDGING AT COCHIN SHIPYARD LIMITED FOR 5 YEARS FROM 2015 TO 2020.

This agreement is made on the 27 day of October 2015 between **M/s Cochin Shipyards Limited, Cochin** registered under the Indian companies act 1956 (hereinafter called the "**CSL**") which expression shall unless excluded by or repugnant to the context or meaning there of be deemed to include its successors, administrators and assignees) on one part and **M/s Dredging Corporation of India Ltd**, Visakhapatnam a Company registered under the Indian companies Act 1956 having its Head Office at "Dredge House", Port area, Visakhapatnam (hereinafter called the "**DCI**" which expression shall unless excluded by or repugnant to the context be deemed to include its successors, administrators and assignees) on the other part.


 A.N. NEELAKANDHAN
 General Manager
 Cochin Shipyards Ltd
 Cochin


 ఎన్.ఎస్.ఆర్.ప్రసాద్ - N.S.R. PRASAD
 ఉప మహా ప్రबंधక (విపణన)
 DEPUTY GENERAL MANAGER (MKTG.)
 డ్రెడ్జింగ్ కార్పొరేషన్ ఆఫ్ ఇండియా లిమిటెడ్
 DREDGING CORPORATION OF INDIA LTD.
 విశాఖపట్నం - VISAKHAPATNAM

Whereas the CSL is desirous that Annual maintenance dredging at Quay 1, Quay 2, Quay 3 and other areas of Cochin Shipyard (Ship Repair yard at W/Island, will be reviewed separately) to the required depths shall be carried out by the DCI. In this connection CSL and DCI intend to enter into this Memorandum of Understanding so that these two organisations under the Ministry of Shipping, Government of India can mutually benefit by co-operation by deploying their dredgers in CSL on mutually agreed schedules, rates, terms & conditions.

In consideration of signing of this Agreement and payment to be made by the CSL to DCI, the DCI agree to deploy its Trailer Suction Hopper Dredger and Cutter suction (own/ Hired) suitable for the above dredging work at Cochin Shipyard for five years from the date of this MoU, after taking usual safety precautions and where the dredgers can remain safely afloat as is safe for the Dredgers to do so, on the Terms and Conditions here in after mentioned.

Now this agreement witness and it is hereby agreed to and declared by and between the parties as follows:

1. Scope of Work:

DCI shall undertake the maintenance dredging based on requirements at Cochin Shipyard for five years from the date of this MoU in different areas by deploying its Trailer Suction Hopper Dredger and Cutter suction dredger (own/ hired) suitable for the work as detailed below.

1.1 CSL is desirous of Dredging to be carried out at Quay I, Quay II, Quay III and other areas of Shipyard at Kochi including Ship Repair yard at W/Island. The depths to be achieved in the areas are as under:

Area	Length	Width	Depth*	Slopes	Quantity**(Approx.)
Quay-I & RD Mouth	337 M	120 M	(-)10 M from CD	(1 in 6M)	2.0 L Cum
Quay II	208 M	120 M	(-)7.5 M from CD	(1 in 6M)	1.25 L cum
Quay-III & BD Mouth	717 M	150 M	(-)12 M	(1 in 6M)	6.5L Cum
Other areas	As directed by CSL / Including ISRF, Willington Island				

* Depth may vary based on CSL requirements

** Quantity is calculated is based on the present sounding and quantity will vary based on the extend of siltation.


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Note: CSL desires to carryout dredging at ISRF area at Willington Island. The Dredging at the above areas will be taken up on examining the feasibility, suitability of available equipment and the commercial terms will be discussed and finalized at mutually consent.

- 1.2 DCI propose to deploy DCI DR-XI, 4500 Cum Hopper capacity TSHD or suitable capacity dredger and a Cutter Suction Dredger of suitable capacity (Own/ Hired) for the purpose where the dredgers can be safely deployed on round the clock basis.
- 1.3 The material dredged by TSHD shall be sea dumped in the dumping areas approved by Cochin Port Trust. The Dredging Carried out by CSD alongside jetties and in shallow areas shall be double handled by TSHD and disposed of at the Dumping ground approved by Cochin Port Trust.
- 1.4 The material to be dredged is Sand, Silt and Soft marine Clay. During dredging it is not expected that Concrete blocks, Gravel, Iron rods etc likely to be encountered and if encountered same may be considered as underwater Obstructions. In case Dredging Operations are suspended on account of Underwater Obstructions, and CSL is unable to provide other site for dredging, Idle time charges shall be payable by CSL for the period if the same is beyond 6 hrs cumulative in a month. However no idling charges shall be payable for 24 hours on the day of arrival of dredger. The dredging will be carried out to the extent that the Dredger maneuverability and safety are permissible.
- 1.5 The dredging work will be required by CSL during the end of Monsoon i.e, approximately October of every year. A detailed planning in this respect will be finalised between both the parties around three months in advance and work will be carried out accordingly. This will help CSL to make necessary arrangements for shifting the vessels and making the Quay free for dredging. CSL is planning to carryout dredging once or twice in a year as per the business requirements. In case CSL desires additional dredging to be carried out in a particular period other than the scheduled deployment, prior intimation of at least 30 days will be given to DCI for mobilizing the equipments. If the dredger is locally available, DCI will take all efforts to deploy dredger immediately. However immediate mobilization will be arranged for the current year i.e. 2015.

2. Time schedule:


Considering the areas to be dredged and based on the site conditions, the the time for completion of work will be calculated based on the assured quantities for TSHD and CSD. The material in other areas if any will be dredged as per the instructions of CSL. TSHD will handle the material at the areas where sufficient draft is available and CSD will be deployed at shallow draft areas in combination with TSHD. Every effort shall be made to meet the requirement projected by CSL every year.

3. Prices:

CSL shall pay to DCI for dredging at Quay I, Quay II, Quay III and other areas at Cochin Shipyard including Ship Repair yard at W/Island as detailed below:



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3.1 Mobilization and De-Mobilization charges

Mobilization charges shall be as per actual duration of time taken for mobilizing the TSHD to Cochin shipyard, payable at the rate of Rs. 29.00 Lakhs per day, or prorata with maximum limit of 5days and calculated from the Port of origin plus 50% of mobilization charge towards demobilization for each deployment. In case the dredger is mobilized/demobilized within Cochin, no mob/de-mob charges will be payable by CSL.

The Mobilization and De-Mobilization charges for CSD will be Rs. 20.00 Lakhs (10.00 Lakhs + 10.00 Lakhs) every year for each deployment. In case CSD is mobilized from Cochin, no Mob/Demob shall be payable.

SI	Description	Rate
3.2	Dredging at Quay-I, Quay II, Quay-III and other areas of Cochin Shipyard including ISRF by using TSHD and disposing the dredged material at the designated dumping location measured on hopper measurement basis as per the DLM print.	Rs. 140.00 per Cum
3.3	Daily Hire charges of CSD (Own/ Hired) for dredging the shallow areas	Rs. 5.00 Lakhs Per day
3.4*	Idle Time Charges for DCI Dredge-XI/ Equivalent Dredger	Rs. 1.12 Lakhs per hour or prorata
3.5	Idle Time Charges for CSD	Rs. 19,000 per hour or prorate
3.6	Standby charges for CSD per day of 24:00 hrs.	Rs.1.0 Lakh


Above rates are exclusive of Service tax, other taxes and the same shall be paid extra.

* Idle time charges will be payable only for the stoppage of work as directed by CSL both for TSHD and CSD beyond 6 hrs cumulative in a month.

The assured output quantity for CSD will be average 3000 m³ in a day during the period of operation and for TSHD will be 10,000 m³ (both reported quantity). The quantity dredged for the purpose of payment shall be measured based on the solids in the Hopper Measurement for TSHD. The CSD will be deployed on day rate basis and the material dredged shall be double handled and incase assured quantity of 3000Cum is not dredged, payment will be made on pro-rata basis. However the siltation factor for the period of dredging will be considered separately based on the season of dredging and as per CWPRS studies conducted by CSL.



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In case capital dredging is required to be carried out in areas other than CSL as per CSL requirements, the rates for capital dredging shall be discussed and agreed upon mutually.

4. The rates mentioned in clause (3) above are applicable for the first year from the date of signing. Their shall be an increase of 8% from base rate every year.
5. CSD will be deployed in shallow areas to make minimum draft required for TSHD to continue the work and the balance dredging will be carried out using TSHD. The material deposited using CSD shall be collected by TSHD and disposed in the designated dumping ground of Cochin Port Trust. The depth of dredging will be decided based on CSL requirements.
6. The above rates are based on fuel prices prevailing as on date of placement of work order. Any variation (Increase / decrease) in prices of fuel actually used for the dredger shall be paid / adjusted as per the standard escalation clause with fuel element factor as 0.28 and as detailed as below:

$$V=0.85 Q X R [(P-P_0)/ P_0]$$

Where;


- V = Variation in price on account of diesel during the month under consideration.
- P = The enhanced / decreased price of fuel inclusive of all taxes, duties, levies, etc., for the supplies made to the dredger at Cochin obtained from IOC/BPCL at actuals as per invoice, all inclusive.
- P₀ = The base price of Fuel as prevailing at cochin as on placement of work order Inclusive of all taxes, duties levies etc obtained from IOC/BPCL at actuals as per invoice, all inclusive.
- Q = Fuel element factor has been predetermined as 0.28.
- R = Value of the work during the month under consideration as per relevant item of Bill of Quantities excluding mobilization and de-mobilization fees

7. Payment terms:

- 7.1 Payment towards mobilization shall be released by the CSL immediately on arrival of the Dredgers and within 15 days on submission of bill. Similarly payment towards De-Mobilization shall be released immediately after the sailing of Dredgers and within 15 days on submission of bill.
- 7.2 Payment for Dredging work shall be made based on the hopper measurement in accordance with clause 3. The CSD will be deployed on day rate basis subject to the minimum quantity as specified. The material dredged shall be double handled by TSHD. DCI shall raise the bills monthly for the quantity dredged by TSHD and daily charges of CSD, and the payment shall be released by the CSL within 15 working days from the date of acceptance of bill.
- 7.3 Remittance of Taxes to statutory authorities - Taxes shall be remitted by DCI to statutory authorities and the amount remitted shall be reimbursed by CSL against documentary proof.



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8. Material disposal:

The material dredged by using CSD will be Double Handled by TSHD for disposal. The material dredged using TSHD will be disposed off in the dumping grounds of Cochin Port.

9. Method of measurement:

For dredging at Quay- I, Quay- II, Quay- III and other areas:

Pre, and post joint survey shall be carried out by the CSL with DCI using Echo Sounder (DF/MF 200-210KHz Echo Sounder / equipment capable of logging data compactable with computer apart from the facility of producing echo-charts with DGPS). However progress surveys shall be carried out by DCI. The Quantity dredged would be arrived based on the Hopper volume measurements as per the DLM print signed by both the parties. Calibration report shall be given to CSL based on requirements.

The daily dredging reports certified by Master of the dredger and Representative of CSL shall form the basis for the Hopper volume measurement.

10. The cutter suction dredger will be transported and positioned by DCI or the contractor assigned by DCI within CSL. Necessary space shall be provided by CSL. Crane and other facilities required will be arranged by DCI at their cost. Settlement of CSD will be carried out by DCI and daily rental charges will be payable by CSL after raising invoice by DCI. Quantity dredged by CSD shall be calculated and given by DCI based on Daily Dredging Report. Daily rate for CSD will commence from the date of actual deployment.
11. Berthing of dredgers deployed for CSL work - DCI require two or three days berthing space in a month within the period of dredging for their routine maintenance works free of costs. Fuel for the dredgers will be arranged by DCI through barges and CSL will be required to give free berthing space for bunkering. Necessary safety precautions will be taken care by DCI.

12. Slopes and Tolerances:


The vertical tolerance of 0.50 mts and horizontal tolerance shall be 15.00 mts. The side slopes will be maintained at 1:6.

13. Idle Time:

Idle time charges as per item 3.4 above shall be paid for the following reasons:

- 13.1 Shipping movement
- 13.2 Dredgers kept idle at the instructions of CSL Authorities.
- 13.3 Dredging operations suspended due to underwater obstructions.
- 13.4 Idling of dredger due to non availability of dredging areas.
- 13.5 Idle time shall not be in addition to daily hire charges.


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13.6 Arranging both the dredgers are under the scope of DCI, idling of one dredger due to the absence of other for any reason, CSL will not be liable for idle time payments.

14. Obstruction free certificate:

CSL shall confirm and issue a certificate to the Master of the Dredger, that the assigned dredging area and the areas earmarked for dredging are free of risks / dangers and that there is no uncharted wreckage underwater, for continuous and un-interrupted dredging operations.

15. Physical conditions or obstructions:

If during dredging, DCI shall encounter physical conditions or obstructions which could not have been reasonably foreseen by DCI, DCI shall forthwith give written notice thereof to CSL. CSL shall examine the difficulty in detail and communicate its decision in writing to DCI which shall continue to execute the work in accordance with the orders of CSL. However, if due to adverse physical conditions or any unforeseen obstructions, the operation of DCI's dredger is unduly delayed, the DCI shall withdraw the dredger in consultation with the CSL. Suspension of dredging operations due to above reasons, if any shall be paid as idle time charges.

16. Conducting surveys:

DCI shall arrange for all the surveys in the dredging areas at its own cost. If the surveys are required by CSL at the areas other than dredging areas, same shall be carried out by DCI at extra cost. DCI will provide survey charts to CSL. For reading and recording CSL may depute one representative during surveys.

17. Works Contract tax / Service tax and other taxes:

17.1 If any new taxes and duties / increase in existing taxes and duties are Imposed by Centre / State Government / Local Bodies which will be Applicable to this contract, the same will be payable by CSL to DCI as extra as the same is not included in rate quoted.

17.2 Income Tax will be deducted from the bills as per provisions of income tax act.

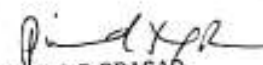
17.3 Works contract/Service tax levied on this contract shall be reimbursed by CSL as per actual on production of documentary proof of payment, as the same is not included in quoted rates.

18. CSL will provide suitable berth facilities free of cost for bunkering maintenance of Dredger, emergency repairs etc. Water will be supplied by CSL on usual charges to the dredger and the charges for the water will be paid by DCI or adjusted in the payment bills to DCI.

19. If DCI request berthing space to berth the dredger during non-dredging periods as shelter during rough weather season during the tenure of the contract, the same shall be considered by CSL free of charge subject to availability.



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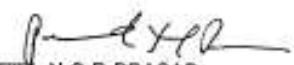


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20. During the tenure of the contract if DCI requires CSL's plant, equipment or any crafts, same may be made available on payment by the DCI subject to the availability.
21. Daily dredging reports shall be maintained on board the dredger and signed by the representative of the CSL and Master of the dredger and shall be submitted to the CSL daily in duplicate. These reports shall form the basis for calculating quantity dredged and for raising the bills.
22. Breakdown of dredgers- In case of any breakdown of dredger, DCI may take immediate action for rectification. In case of delay in redeployment beyond a reasonable period of 3 days, DCI may make necessary arrangements for alternate dredger.
23. LD will be chargeable for the delay in completing the work. This will be calculated with respect to the ordered quantity and proportionate time as per the assured quantity at the rate 1% per week for the value of work ordered / executed subject to a maximum of 5%.
24. The agreement shall automatically stand terminated on the earliest occurrence of any of the following events:
- Any party being wound up or declared insolvent or bankrupt under the law applicable.
 - Any party gives 3 months prior notice of termination or when this MOU is replaced by another agreement.
 - Any party is prevented from its obligation under this agreement by virtue of laws or decisions of the Republic of India.
 - On expiry of 5 years from the date of MoU.
25. DCI would indemnify CSL for any damage to any Crafts/ Plant/ Equipment of CSL or of the third party and for any injury/ accident to any of CSL's personnel or to any third party, which are directly attributable to the neglect of DCI.
26. In the event of any loss or damage caused by force majeure, fire, riots, strikes or civil commotion to the Dredger, DCI will not be liable for any delays caused there from with reference to the time schedule of this contract.
27. In the event DCI's Trailer Suction Dredger is to be deployed on other assignment during the period of this contract, on instructions from Ministry of Shipping, CSL will grant reasonable extension of time for completing the work. It shall however be ensured that in such contingencies there should be tripartite prior consultations between CSL, DCI and Ministry of Shipping.
28. CSL will arrange to issue gate passes free of cost for entry into and exit from the CSL areas and other dredging areas for the staff and crew of the dredger, the employees and sub-contractor of DCI on a written request by DCI. Similar passes will also be allowed free to DCI, or their supplier's, boats, transport and equipment to and fro the site of work through the Port area/water front under the control of the CSL.



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29. In case DCI fails to mobilize the dredger and carry out the work, CSL will be at liberty to engage other dredgers for completing the work.

30. For minor dredging works, CSL will be at liberty to deploy other dredgers for the work.

31. In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such dispute or difference shall be referred by either party for Arbitration through Permanent Machinery of Arbitrators (PMA) or to the sole Arbitrator in the Department of Public Enterprises to be nominated by the Secretary to the Government of India In-charge of the Department of Public Enterprises. The Arbitration and Conciliation Act. 1996 shall not be applicable to arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India. Upon such reference the dispute shall be decided by the law Secretary or the Special Secretary/Additional Secretary, when so authorized by the Law Secretary, whose decision shall bind the parties finally and conclusively. The parties to the dispute will share equally the cost of arbitration as intimated by the Arbitrator.

32. The entire correspondence exchanged between CSL and DCI on the above subject till the date of this agreement forms part of the agreement.

33. This MoU will be valid for a period of 5 years and from the date of signing and extendable for further periods on mutually agreed rates, terms and conditions.

FOR AND ON BEHALF OF
COCHIN SHIPYARD LIMITED
COCHIN

FOR AND ON BEHALF OF
DREDGING CORPORATION
OF INDIA LIMITED
VISAKHAPATNAM

(Seal & Signature)

Date: 27 Oct 2008

Witness

1) CS. PREMCHAND DGM (Gen)
Cochin Shipyard Ltd.

2)

Prasad H.A
Manager (Projects), CSL

(Seal & Signature)

Date:

Witness

1) K. Srinivasulu
(K. SRINIVASULU)
Jt. Manager, DCI Ltd
(MCTA)

2) V. Revanth
(V. Revanth)
AM (MCTA), DCI