

Dredging Corporation of India Limited

December 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	201.00	CARE BBB+; Stable	Reaffirmed; Outlook revised from Positive
Long Term / Short Term Bank Facilities	175.00	CARE BBB+; Stable / CARE A3+	Reaffirmed; Outlook revised from Positive
Short Term Bank Facilities	25.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in ratings assigned to bank facilities of Dredging Corporation of India Limited's (DCIL) continue to derive strength from established presence of over four decades in domestic and overseas dredging services, strong parentage with shareholding held by major ports of the country, and a growing order book providing medium-term revenue visibility. Promoters have supported operations through work advances and unsecured loans for dredger acquisition and liability settlement. As on March 31, 2025, unsecured loans from promoters stood at ₹315 crore (with additional Rs.165 crore received in FY25). Promoter support is expected to continue in the near term to aid liquidity and fund capex.

The rating also factors in the steady growth in revenue during FY25 (FY refers to period April 01 to March 31) and H1FY26 wherein revenue witnessed a y-o-y growth of ~21% and ~28% respectively driven by increased order inflow and execution. There has also been an improvement in the working capital intensity as reflected by reduced receivable days as well as trade payables.

DCIL continues to have comfortable leverage profile with overall gearing ratio below unity as on March 31, 2025. With the debt financing for new dredger, the leverage is likely to moderate momentarily going forward. However, post-acquisition of new dredger, the company would be able to undertake capital dredging work and is expected to improve both capacity and the revenue profile from FY27 onwards.

The rating strengths are however tempered by the ageing fleet of dredgers resulting in high maintenance expenses, vulnerability to foreign exchange risk with unhedged foreign currency debt, volatility in margins due to fluctuation in fuel prices and increased competition from domestic and global private players. The profitability of DCIL has been adversely impacted during FY25 with levy of liquidated damages of Rs.118 crore for shortfall in performance obligations. Besides, forex loss on unhedged foreign currency borrowing with sharp depreciation in INR/EURO exchange rate has also moderated the profit level. CARE Ratings Ltd (CareEdge Ratings) had envisaged an improved profitability along with growth in revenue and order book. However, with lower-than-expected improvement in performance, the outlook has been revised from "Positive" to "Stable". Further, delays in commissioning the new dredger and lower than anticipated order inflow have constrained scale and overall financial performance. DCIL has claimed reversal of liquidated damages with contractual obligation fulfilled to the extent feasible as per the site conditions. During H1FY26, the company has recovered Rs.17 crore which has supported the PBILDT in Q2FY26. Any further recovery shall aid the profitability and liquidity going forward.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Scale of operations maintained above Rs.1,000 crore along with PBILDT margins of over 18% on a sustained basis

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

- Improvement in the GCA days to below 200 days

Negative factors

- Increased working capital intensity with extension in collection days.
- Overall gearing above 1.5x on a sustained basis
- Net debt / PBILDT rising to over 5x on a sustained basis

Analytical approach: Standalone**Outlook:** Stable

The outlook of DCIL has been revised from 'positive' to 'stable' due to non-materialization of expected improvement in performance during FY25. While the revenue has witnessed improvement, there has been decline in PBILDT Margin from ~21% in FY24 to ~12% in FY25 and margins are likely to remain moderated for FY26 also. The stable outlook reflects satisfactory order book position providing yearly revenue visibility and continued support from the promoters which shall aid the liquidity position.

Detailed description of key rating drivers:**Key strengths****Strong promoters with demonstrated support**

DCIL is promoted by a consortium comprising four ports [namely Vishakhapatnam Port Trust (VPT), Paradip Port Trust (PPT), Jawaharlal Nehru Port Trust (JNPT), and Deendayal Port Trust (DPT)]. The 73.47% equity stake in DCIL, previously held by Government of India (GoI), has been transferred to this consortium along with change in management control. All four ports are under the direct administrative control of the Ministry of Shipping (MoS). With the change in promoters, DCIL has been deriving benefits by virtue of receipt of orders on a nomination basis.

The promoters have infused an aggregate of ₹300 crore of unsecured loans between FY23 and FY25 towards acquisition of the new dredger and clearing aged trade payables. CARE Ratings Limited (CareEdge Ratings) expects continued support from the promoters, which will aid liquidity and facilitate in scaling up of operations.

Long track record of providing dredging services:

DCIL has nearly five decades of experience in the dredging sector, offering services across major and non-major ports, naval establishments, fishing harbours, power plants, shipyards, and other maritime organisations. This extensive presence has provided DCIL with expertise in dredging under varied soil condition. DCIL has been providing capital dredging for creation of new harbours, deepening of existing harbours, and maintenance dredging for upkeep of the required draft at various ports along the 7,500 km coastline of India.

Satisfactory order book position

DCIL had an order book of ₹1,422 crore as on September 30, 2025, up from ₹1,005 crore as on August 14, 2024, providing revenue visibility for around 1.25 years. The company executes dredging contracts for reputed ports, which are typically renewed annually. The top five orders account for 83% of the order book, compared to 74% in August 2024. Reliance on promoter ports has increased to 43% of the order book (from 20% on August 14, 2024). Commissioning of India's largest dredger – DCI Dredge Godavari, scheduled for October 2026, is expected to enhance capacity and support both maintenance and capital dredging orders, thereby improving scale and revenue profile in the medium term.

Satisfactory revenue growth and leverage profile

DCIL recorded a 21% year-on-year increase in revenue, rising from ₹945 crore in FY24 to ₹1,142 crore in FY25. Inflow of regular orders from sponsor ports has been supporting the revenue growth of the entity. The revenue growth continued during H1FY26 with revenue at ₹454 crore in H1FY26 (H1FY25 - ₹355 crore) reflecting a ~28% increase on y-o-y basis. H1FY25 was impacted

due to maintenance of dredgers resulting in dip in performance last year. The high growth for this fiscal of H1 is also an impact of lower base.

DCIL continues to have comfortable leverage profile with overall gearing ratio below unity as on March 31, 2025. With the debt financing for new dredger, the leverage is likely to moderate momentarily going forward. However, post-acquisition of new dredger, the company would be able to undertake capital dredging work and is expected to improve both capacity and the revenue profile from FY27 onwards.

Key weaknesses

Moderation in profitability

DCIL, despite witnessing revenue growth, reported moderation in profitability during FY25 and H1FY26 with levy of liquidated damages of Rs.118 crore for shortfall in performance obligations and forex loss reported on unhedged foreign currency borrowing. The new dredger of DCIL is being financed partially through an External Commercial Borrowing (ECB) loan and with sharp depreciation in INR/EURO exchange rate, the company has provided for foreign exchange loss. PBILDT margin thus declined to 12.23% in FY25 (from 21.27% in FY24) and DCIL reported a net loss in FY25 and H1FY26.

DCIL has claimed reversal of liquidated damages with contractual obligation fulfilled to the extent feasible as per the site conditions. During H1FY26, the company has recovered Rs.17 crore which has supported the PBILDT in Q2FY26. Any further recovery shall aid the profitability and liquidity going forward. With repayment of ECB loan commencing from Q4FY26, it is critical for the company to improve its profitability.

Ageing fleet with efforts to improve fleet capability:

DCIL's dredging fleet has an average age of over 23 years, with some equipment exceeding its useful life. This has led to frequent breakdowns, lower vessel performance, and higher fuel consumption due to reduced productivity. DCIL has initiated steps to scrap obsolete assets and replace ageing dredgers.

The company has signed an agreement with Cochin Shipyard Limited (CSL; CARE AAA: Stable/CARE A1+) for construction of a new Trailing Suction Hopper Dredger (TSHD) with a capacity of 12,000 cubic metres at a cost of ₹89.39 million. Financial closure is complete, with ₹49.9 million to be funded through an ECB loan from Deutsche Bank, while the balance will be met through promoter port contributions and non-convertible debenture (NCD) subscription by CSL. The new dredger, expected to be commissioned by October 2026, is likely to enhance operational efficiency, reduce fuel costs, and support scaling up of maintenance and capital dredging activities, thereby improving revenue profile in the medium term.

Vulnerability of operations to foreign exchange risk:

DCIL remains exposed to foreign exchange risk due to the Euro-denominated loan availed for funding dredgers and its heavy reliance on imported components and spare parts sourced from multiple countries. The company incurred a forex fluctuation loss of ₹34 crore in H1FY26 on the loan from Deutsche Bank. As this exposure is currently unhedged, any further depreciation of the Indian rupee could adversely impact profitability. However, the company has indicated that it plans to hedge the foreign currency loan prior to the commencement of repayments.

Competition from foreign players:

DCIL's market share has declined over the years, largely due to the liberalisation of the sector and ports shifting from a nomination-based award system to competitive bidding. Since the Indian dredging industry was opened to foreign competition in FY93, several international and domestic players have entered the market, intensifying competition. While DCIL continues to undertake capital dredging, its operations are predominantly focused on maintenance dredging, which is highly price-sensitive. However, following

the takeover by the four port trusts, the company has begun receiving orders on a nomination basis, leading to a significant scale-up in operations.

Liquidity: Adequate

The liquidity position of the company is adequate with improvement in cash accruals, moderate repayment obligations and improved working capital position. Liquidity has also been supported by reduced collection days (103 in FY25 vis-à-vis 122 in FY24) as well as settling off old trade payables, through funding support by promoters. DCIL has availed fund-based working capital limits of Rs. 250 crore with an average utilization of 78% during past 12 months ending September 30, 2025. The cash and bank balance stood at Rs. 13.65 crore on June 30, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental: The company is exposed to environmental risk of pollution, waste management, and marine ecosystem disturbances due to energy-intensive dredging operations. To mitigate these risks, DCIL has signed a memorandum of understanding (MoU) with Indian Oil Corporation (IOCL) to manage oil/lubricant-related pollution risk and practices a Sustainable Procurement Policy by monitoring ESG parameters for its suppliers. Onboarding of the new dredger and fleet modernisation is expected to improve efficiency and lower environmental risks.

Social: Marine operations and heavy machinery pose operational risk to the health and safety of workers and could also affect local communities, fisheries, or livelihoods. DCIL has conducted ESG awareness and risk-management training for the board, key management, and employees, and the company follows a CSR policy focusing on environment, education, health, women empowerment, livelihoods, and disaster management.

Governance: The company adheres to a stringent code of conduct, operates a transparent grievance redressal system, and reported nil incidents of corruption, bribery, or related ethical violations in FY25. Its governance framework includes comprehensive internal financial controls reviewed and validated by external auditors and implementation of an SAP S/4HANA ERP system to enhance operational efficiency and internal oversight.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Transport Related Services

Dredging Corporation of India Limited (DCIL) was established in 1976 to provide integrated dredging services such as dredging and reclamation, marine services and construction, shallow water/inland dredging, and underwater mining to major and non-major ports, Indian Navy, and other maritime organisations in India.

Until December 31, 2018, Government of India (GoI) held 73.47% stake in DCI. However, as part of strategic divestment initiative by GoI, the shareholding of DCI was sold to a consortium comprising four ports namely, Visakhapatnam Port Trust, Paradip Port Trust, Jawaharlal Nehru Port Trust, and Deendayal Port Trust. As on September 30, 2025, Visakhapatnam Port Trust holds 19.47%, with the other three ports holding 18% each in DCI.

All four ports are among the 13 major ports governed by the Major Port Trust Act, 1963. GoI holds 100% stake in these ports and the trusts are under the direct administrative control of the Ministry of Shipping (MoS).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	945	1,142	454
PBILDT	201	140	72
PAT	33	-27	-58
Overall gearing (times)	0.44	0.76	NA
Interest coverage (times)	7.05	3.67	1.33

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	151.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	March 2027	50.00	CARE BBB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	175.00	CARE BBB+; Stable / CARE A3+
Non-fund-based - ST-Letter of credit		-	-	-	25.00	CARE A3+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Bonds	LT	-	-	-	-	1)Withdrawn (05-Apr-23)	1)CARE BBB+; Negative (21-Nov-22)
2	Fund-based - LT-Bank Overdraft	LT	151.00	CARE BBB+; Stable	-	1)CARE BBB+; Positive (08-Nov-24)	1)CARE BBB+; Stable (22-Sep-23) 2)CARE BBB+; Negative / CARE A3+ (05-Apr-23)	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	175.00	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB+; Positive / CARE A3+ (08-Nov-24)	1)CARE BBB+; Stable / CARE A3+ (22-Sep-23) 2)CARE A3+ (05-Apr-23)	-
4	Fund-based - LT-Term Loan	LT	50.00	CARE BBB+; Stable	-	1)CARE BBB+; Positive (08-Nov-24)	1)CARE BBB+; Stable (22-Sep-23)	-
5	Non-fund-based - ST-Letter of credit	ST	25.00	CARE A3+	-	1)CARE A3+ (08-Nov-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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