

Dredging Corporation of India Limited

April 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	404.55 (Enhanced from 188.64)	CARE BBB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	225.00	CARE BBB+; Stable / CARE A3+	Reaffirmed
Short Term Bank Facilities	40.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the ratings assigned to the bank facilities of Dredging Corporation of India Limited (DCIL) continues to derive strength from its established presence of nearly five 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. The rating favourably factors in the support extended by the sponsors in form of funds extended via work advances and unsecured loans for dredger acquisition and settlement of liabilities. As on February 28, 2026, unsecured loans from promoters stood at ₹342 crore. Promoter support is expected to continue in the near term to support liquidity and fund capital expenditure requirements. The ratings also factor in steady growth in revenue during FY25 (FY refers to the period April 1 to March 31) and 9MFY26, wherein revenue witnessed year-on-year growth of ~21% and ~7%, respectively, driven by increased order inflow and execution. Working capital intensity improved, as reflected by reduced receivable days and trade payables.

DCIL continues to maintain a comfortable leverage profile, with overall gearing remaining below unity as on March 31, 2025. CareEdge Ratings notes that DCIL has availed an additional term loan of ₹150 crore from Sagarmala Finance Corporation Limited for dry docking and other major maintenance expenses. Along with term loans availed from Sagarmala Finance Corporation Limited and new loan being availed for a new dredger, leverage and debt coverage indicators is expected to moderate in the near term. However, post-acquisition of the new dredger, DCIL will be able to undertake capital dredging work, which is expected to improve capacity utilisation and debt coverage indicators from FY27.

The rating strengths are tempered by the ageing dredger fleet leading to high maintenance expenses, exposure to foreign exchange risk due to unhedged foreign currency debt, volatility in margins owing to fuel price fluctuations, and increased competition from domestic and global private players. Also, the profitability was adversely impacted in FY25 due to levy of liquidated damages of ₹118 crore for shortfall in performance obligations and forex losses arising from sharp depreciation in the INR/EURO exchange rate. CARE Ratings Limited (CareEdge Ratings) had envisaged improvement in profitability and scale; however, delays in commissioning of the new dredger and lower-than-anticipated order inflow constrained overall financial performance.

DCIL has claimed reversal of liquidated damages citing fulfilment of contractual obligations to the extent feasible under site conditions. Recovery of ₹17 crore during H1FY26 supported improvement in PBILDT margin to 14.35% in 9MFY26 from 12.23% in FY25. However, elevated fuel prices due to geopolitical developments in the West Asia are expected to constrain profitability in the short term, while any further recovery of liquidated damages would support 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
- Improvement in the GCA days to below 200 days

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

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 factoring in linkages with sponsors.

Outlook: Stable

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 ₹342 crore of unsecured loans between FY23 and FY26 towards acquisition of the new dredger and clearing aged trade payables. 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, providing services to major and non-major ports, naval establishments, fishing harbours, power plants, shipyards, and other maritime organisations. The company has capabilities to undertake capital dredging for creation and deepening of harbours and presently is majorly involved in maintenance dredging to maintain required draft across ports along India's ~7,500 km coastline. This long operating history has enabled DCIL to develop expertise in dredging across varied soil and marine conditions, supporting its competitive position.

Satisfactory order book position

DCIL had an order book of ₹1,422 crore as on September 30, 2025, compared to ₹1,005 crore as on August 14, 2024, providing revenue visibility of around 1.25 years. The company executes dredging contracts for reputed ports, which are typically renewed annually. The top five orders accounted for 83% of the order book, while reliance on promoter ports increased to 43%. 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 over the medium term.

Satisfactory revenue growth

DCIL recorded a 21% year-on-year increase in revenue from ₹945 crore in FY24 to ₹1,142 crore in FY25, supported by regular order inflows from sponsor ports. Revenue growth moderated in 9MFY26, with revenue of ₹730 crore compared to ₹680 crore in 9MFY25, reflecting ~7% growth. Revenue in FY26 is expected to remain broadly in line with FY25 performance.

Key weaknesses**Moderation in profitability**

DCIL, despite witnessing revenue growth, has reported moderation in profitability during FY25 and H1FY26 with levy of liquidated damages of Rs.118 crore for shortfall in performance obligations leading to decline in PBILDT Margin to 12.23% in FY25 (from 21.27% in FY24) and forex loss reported on unhedged foreign currency borrowing in 9MFY26. 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 in 9MFY26. DCIL has thus reported a net loss in FY25 and 9MFY26.

DCIL has claimed reversal of liquidated damages with contractual obligation fulfilled to the extent feasible as per the site conditions. During 9MFY26, the company has recovered Rs.17 crore which has supported the PBILDT in 9MFY26. Any further recovery shall aid the profitability and liquidity going forward. With repayment of ECB loan having commenced 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.

Leverage pressure due to debt-funded capex in the near term

Despite maintaining an overall gearing comfortably below unity as on March 31, 2025, DCIL's leverage profile faces near-term pressure, as working capital loans from promoters, debt financing for the new dredger, and an additional ₹150-crore term loan for dry-docking and major maintenance, are expected to weaken leverage indicators in the short term. However, with the ability to undertake both capital and maintenance dredging post onboarding of the new dredger along with the expected receipt of fresh orders, profitability, scale and debt coverage indicators are expected to improve from FY27 onwards. The ability to secure new orders post onboarding of the new dredger, timely execution of orders, and generation of healthy accruals without reliance on additional debt funding would remain key rating monitorable.

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 ₹36 crore in 9MFY26 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 hedged its foreign currency loan since December 2025.

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 sufficient cash against the debt repayments. Further, liquidity has been supported by continuous infusion of funds from the promoters. DCIL has availed fund-based working capital limits of Rs. 300

crore with utilization standing at 44.07% as on February 28, 2026. As on December 31, 2025, DCIL has free cash and bank balance of Rs.17.05 crore and a Debt Service Reserve Account (DSRA) with a balance of Rs.39.67 crore.

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](#)

[Factoring Linkages Parent Sub JV Group](#)

[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)	9MFY26 (UA)
Total operating income	945	1,142	730

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
PBILDT*	201	140	105
Profit after tax (PAT)	33	-27	-82
Overall gearing (x)	0.44	0.76	0.95
Interest coverage (x)	7.05	3.67	1.61

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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		-	-	-	225.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	January 21, 2031	179.55	CARE BBB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	225.00	CARE BBB+; Stable / CARE A3+
Non-fund-based - ST-Letter of credit		-	-	-	40.00	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)

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
2	Fund-based - LT-Bank Overdraft	LT	225.00	CARE BBB+; Stable	1)CARE BBB+; Stable (12-Jan-26) 2)CARE BBB+; Stable (05-Dec-25)	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	225.00	CARE BBB+; Stable / CARE A3+	1)CARE BBB+; Stable / CARE A3+ (12-Jan-26) 2)CARE BBB+; Stable / CARE A3+ (05-Dec-25)	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	179.55	CARE BBB+; Stable	1)CARE BBB+; Stable (12-Jan-26) 2)CARE BBB+; Stable (05-Dec-25)	1)CARE BBB+; Positive (08-Nov-24)	1)CARE BBB+; Stable (22-Sep-23)	-
5	Non-fund-based - ST-Letter of credit	ST	40.00	CARE A3+	1)CARE A3+ (12-Jan-26) 2)CARE A3+ (05-Dec-25)	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.

Contact us

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