

**Dredging Corporation of India Limited**



**\*Safe Harbor Provision.**

- This presentation includes statements which may constitute forward-looking statements.
- These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. Although the company believes that the expectations contained in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove correct. These are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements.

**\* This document is being supplied solely for information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied in whole or in part, for any purpose without the consent of the company in writing.**



- **Dredging Basics**
  - Definition, Objectives, Types
  - Demand Drivers
- **Global Dredging Players**
- **Environment & Regulatory Framework - Indian Dredging Industry**
- **DCI Overview**
- **Organisation, Management , Human Resources**
- **Financial Overview**
- **SWOT Analysis & Growth Strategy**



- **Dredging is**
  - Underwater excavation of various types of materials like rocks, boulders, cobbles, gravel, sand etc.
- **Objective**
  - Creation of deeper water to improve navigation

**Contd.**

# Dredging Involves



- **Excavation**
- **Transportation**
- **Utilisation or disposal of dredged material**



- **Capital Dredging**
  - Creating depths
- **Maintenance Dredging**
  - Maintaining depths
- **Inland Dredging**
  - Dredging in rivers, canals, lakes etc.
- **Associated Activity**
  - Land reclamation and beach nourishment



- **Growth in world trade**
- **Deeper draft requirement of ports**
- **Beach nourishment in coastal areas**
- **Land Reclamation**
- **Environmental aspects and regulations**



- **Mechanical Dredger**

- Lifts material at near enough its INSITU density within a container such as grab or bucket
- Example:
  - Grab Dredger
  - Backhoe Dredger
  - Bucket Ladder Dredger

- **Hydraulic Dredger**

- Hydraulic or suction dredger lifts material in suspension through a pipe utilising a pump. Some form of loosening to be incorporated at the mouth of the suction pipe to assist production.
- Example:
  - Cutter Suction Dredger (CSD)
  - Bucket Wheel Dredger,
  - Trailer Suction Hopper Dredger (TSHD)

contd.



- **Other Dredgers**
- **Dredgers developed for specific situations.**
- **Example:**
  - Side casing dredgers
  - Dustpan dredgers
  - Water injection dredgers



# Global Dredging Players

# Names and Location of Global Majors



S.No.	Name of the Company	Country	Area of Operation
1	M/s Ballast Ham Dredging	Netherlands	International
2	M/s Royal Boskalis	Netherlands	International
3	M/s Van Oord Acz	Netherlands	International
4	M/s Dredging International	Belgium	International
5	M/s Jan De Nul	Belgium	International
6	M/s Great Lakes Dredge & Dock Company	U.S.A	International
7	M/s Penta Ocean	Japan	International

Note : in addition to the above who are the main global players, countries like China, Japan, Korea, U.K, Ukraine have their dredging companies mostly catering in their countries.



# **Environment & Regulatory Framework**

## **Indian Dredging Industry**



- **Present guidelines for execution of maintenance and capital dredging of major ports valid up to 31.3.2004 provide the following:**
- **All ports (except Kolkata port) at their option may call for tenders or negotiate with DCI for execution of work on nomination basis.**
- **Till dredging policy for Kolkata port is finalised, Kolkata port mandated to award the work to DCI.**
- **DCI to get the Right of First Refusal (RFR) before the contract is given to any foreign dredging company.**
- **10% purchase preference against lowest private Indian bidder**



- **Nomination**

- Client can invite DCI for negotiations and award work on mutually agreed negotiated rate and terms & conditions without resorting to tender

- **First Right of Refusal (RFR)**

- DCI participates, qualifies technically, and if the lowest foreign bidder quotes Rs.100/- and DCI quotes Rs.120/-
  - Client will provide an opportunity to DCI to match the lowest foreign bidder's bid, and if DCI matches, the work will be awarded to DCI



- **10% Purchase Price Preference; accorded to a PSU**
- **DCI participates, qualifies technically, and if the Indian private bidder quotes Rs.100, and DCI quote is up to Rs.110/-**
  - Client will provide DCI an opportunity to match the lowest private Indian bidder's bid, and if DCI matches, the work will be awarded to DCI



- **Ministry of Shipping ( MOS )**

- Owner of DCI
- Policy making body for maritime sector
- All major ports under administrative control of MOS
- All policy matters of shipping including dredging policy for major ports are being formulated by MOS.

- **Director General of Shipping ( DGS )**

- Advisory body to MOS regarding framing of laws, development of maritime industry.
- Implementing authority of government policies on maritime organisations.
- Implementing authority of international maritime rules as ratified by Government of India.



- **Indian market is largely maintenance dredging oriented market due to :**
  - Location of ports / river in ports
  - Siltation pattern
  - Established monsoon in East and West Coast



- **Indian dredging industry has no support service in the form of:**
  - Training centers for dredging operations
  - Dredger building yards
- **Dredger repair facilities available are limited in number and quality**
- **No indigenous facilities for spares, requires import; Longer lead times**
- **Clients always desire contractor to take complete responsibility on turn key basis**
- **Uncertainties in availability of funds and realisation of development programmes**



## West Coast

- Flat sea bed slopes (1:100 to 1:500)
- Wide continental shelf (about 250 km)
- Tidal range: 1 to 6 m
- Strong tidal currents
- Wave climate less severe
- About 2 cyclones per year
- Southwest monsoon (may to sep.)
- Littoral drift negligible
- Only two major rivers debouch in Arabian sea.
- Bed material: clay, silty-clay

## East Coast

- Steep sea bed slopes (1:30 to 1:100)
- Narrow continental shelf (about 20 km)
- Tidal range : 1 to 2.5 m
- Weak tidal currents
- Severe wave climate
- Frequent cyclones (about 5 per year)
- Two monsoons : south west (May to Sept) and northwest (Oct. to Jan.)
- Heavy littoral drift: 0.5 M cum. At Chennai to 1.5 M cum at Paradip.
- Almost all rivers debouch into bay of Bengal. High source of sediment.
- Bed material: fine sand.



Maintenance dredging	
Season	Port
Through out the year	KOPT, Kandla
Post-monsoon (Oct to Dec)	JNPT, Mumbai New Mangalore
During monsoon and after monsoon	Kochi (May to Nov) Paradip (May to Sept and Dec and Jan)
After monsoon (Dec. to Jan)	Visakhapatnam port
Capital dredging: There is no fixed season and depends on the client requirement and site conditions	



- **Client profile of dredging companies undergoing change because of increasing private sector participation in port development**
  
- **Changing payment pattern from daily rate to quantity measures being adopted by some clients (ports) warrant more efficient operations by dredging companies**



- **Evolution of business**
- **Business mix (Capital and Maintenance dredging)**
- **Experience**
  - International
  - Capital dredging
- **Pricing policy (Practice & Procedure)**
- **Cost competitiveness**
- **General industry competitiveness (equipment required & DCI fleet)**
- **R & D**



- **Ministry of Shipping created and operated dredging pool in 1960's to meet the dredging requirements of major ports**
  - SCI operated MOS dredgers on agency basis from 1968 to 1976
  - DCI was incorporated on 29th March 1976 with paid up capital of Rs. 28 crores
  - DCI started its commercial operations from 1st April 1977
  - DCI's acquisition programmes were always based on port requirements and government's advice from time to time
  - Since 1995-1996, DCI's capacity was found to be inadequate for maintenance dredging of Indian ports, dredging market was allowed to foreign dredging companies
  - With the acquisition of 3 nos. 7400 cum hopper capacity of TSHD, DCI is now equipped to meet the maintenance dredging of all the major ports in India



- **DCI is predominantly into maintenance dredging**
- **DCI has 87% share in the maintenance dredging market**
- **DCI's share in capital dredging is limited**
- **40% of the volume is from a single customer i.e.. Kolkata /Haldia Port**



- **Market size for capital dredging in India is limited**
- **Resource and ancillary equipment requirement requirement in capital dredging is high**
- **Since port development programmes are not continuous, particularly in India, and soil strata varies from port to port, equipment specifically purchased for capital dredging, might not have continuous work.**
- **Therefore, in absence of continuous capital dredging work, it gets unviable**
- **Thus, high risk has deterred DCI from aggressively focussing on capital dredging**



S.No.	Name & Place of Project	Year	Description of Work	Value of the Contract
1	Yanbu Al-Bahr, Saudi Arabia			
1.1	Port Management	1977	Management of Yanbu construction of port in red sea	\$ 10.00 million
1.2	Stevedoring Contract	1981-1983	Stevedoring services	
2	Taichung			
2.1	Dredging at Taichung Harbour	2001-2002	Qty dredged: 26.84 I.Cum.	Rs.30.80 crore
3	Chartering of dredge Acquarius	Chartered to dredging international for a period of 3 years from 15.6.2002, extendable for 2 more years with DCI key crew on-board dredger		



- **Pricing policy in DCI is formulated considering the following:**
- **Fixed and variable costs of equipment identified for deployment**
- **Marginal costs/standing costs depending on the equipment, utilisation and its idleness in case of non-availability of the contract**
- **Client loyalty and track record during execution of past contracts**
- **Contract duration, volume of work**
- **Besides, the pricing decisions are made in view of competition in the field and competitors' performance on similar work in previous contracts**

**Contd.**



- **The unit of measurement normally are:**
- **INSITU; Where parameters effecting quantity to be dredged are fully available**
- **Hopper volume measurement; Where the siltation pattern is not so established and density of dredged materials varies**
- **Day rate; In case siltation pattern is uncertain and dredging process continuity would depend on number of variables beyond the control of client and contractor**



- **Most of the existing contracts are on nomination basis. Before initiating negotiations, DCI obtains project details.**
- **Based on the past performance in similar projects, production estimates and dredging days are arrived at.**
- **Total cost of the project is arrived at on considering:-**
  - Fixed cost
  - Variable cost
  - Project specific costs like survey, sub-contracting etc.
- **Based on the type of contract, loyalty of the client towards DCI, other competitors in the field and their past performance, the price to be quoted in case of a tender is arrived at.**
- **In case of situations where the equipment is going to be idle, if the contract is not available, DCI would also go for marginal costing, standing cost basis to arrive at the pricing.**



- **Presently, most of the work in maintenance dredging is being awarded on nomination basis to DCI.**
- **However, during negotiations, DCI is offering most competitive price. In fact, some of these ports do ascertain the competitive rate before negotiation and finalising the rates with DCI.**
- **Whenever the ports have gone for open tender, DCI has always secured the contracts except for an assignment at Mumbai where DCI availed the “Right of First Refusal” available to DCI.**



- **Competitive advantage / disadvantage of DCI vis-à-vis other foreign players / private Indian players in India:-**
- **Maintenance dredging:**
  - **DCI has advantage at:-**
    - Availability of suitable equipment
    - Expertise and experience
    - Mobilisation advantage
    - Client credentials
    - Conditions of site, sea and soil
  - **DCI has disadvantage at:-**
    - Technology
    - Manning scales



- **Capital dredging:**
- **DCI has advantage at:-**
  - Mobilisation advantage
  - Client credentials
- **DCI has disadvantage at:-**
  - Lack of suitable equipment
  - Project management skills



- **Maintenance Dredging:**

- 50% of the market requires TSHDs with preferably maximum draft of 6 meters
- 40% of market requires TSHDs with fully loaded draft of 8 meters
- Balance market mostly comprising of minor ports requires shallow draft vessels of 3 meters and below
- Auxiliary equipment like Grab, Back-Hoe etc., would be required to dredge in front of quay walls

**Contd.**



- **Capital dredging:**
  - For dredging of rocks, specially designed heavy duty CSDs would be required
  - For other soils, general purpose CSDs would be required
  - In addition auxiliary equipments like winch pontoons, anchor pontoons etc.,  
Would be required for execution of capital dredging works



<b>Cutter Suction Dredgers</b>	<b>Year of Construction</b>	<b>Maximum Dredging Depth (Meters)</b>	<b>Total Installed Horse Power in KW</b>
Dredge VII	1976	22.00	8,500
Dredge Acquarius <sup>(1)</sup>	1977	25.00	17,300
<b>Total installed horse power</b>			<b>25,800</b>

**SOURCE: Company**

# DCI - Fleet Profile



<b>Trailing Suction Hopper Dredgers</b>	<b>Year of Construction</b>	<b>Maximum Dredging Depth (Meters)</b>	<b>Hopper capacity (Cubic Meters)</b>
Dredge V	1974	22.00	3,450
Dredge VI	1975	22.00	3,770
Dredge VIII	1977	25.00	6,500
Dredge IX	1984	25.00	4,500
Dredge XI	1986	25.00	4,500
Dredge XII	1990	20.00	4,500
Dredge XIV	1991	20.00	4,500
Dredge XV	1999	25.00	7,400
Dredge XVI	2001	25.00	7,400
Dredge XVII	2001	25.00	7,400
<b>Total hopper capacity</b>			<b>53,920</b>

SOURCE: company

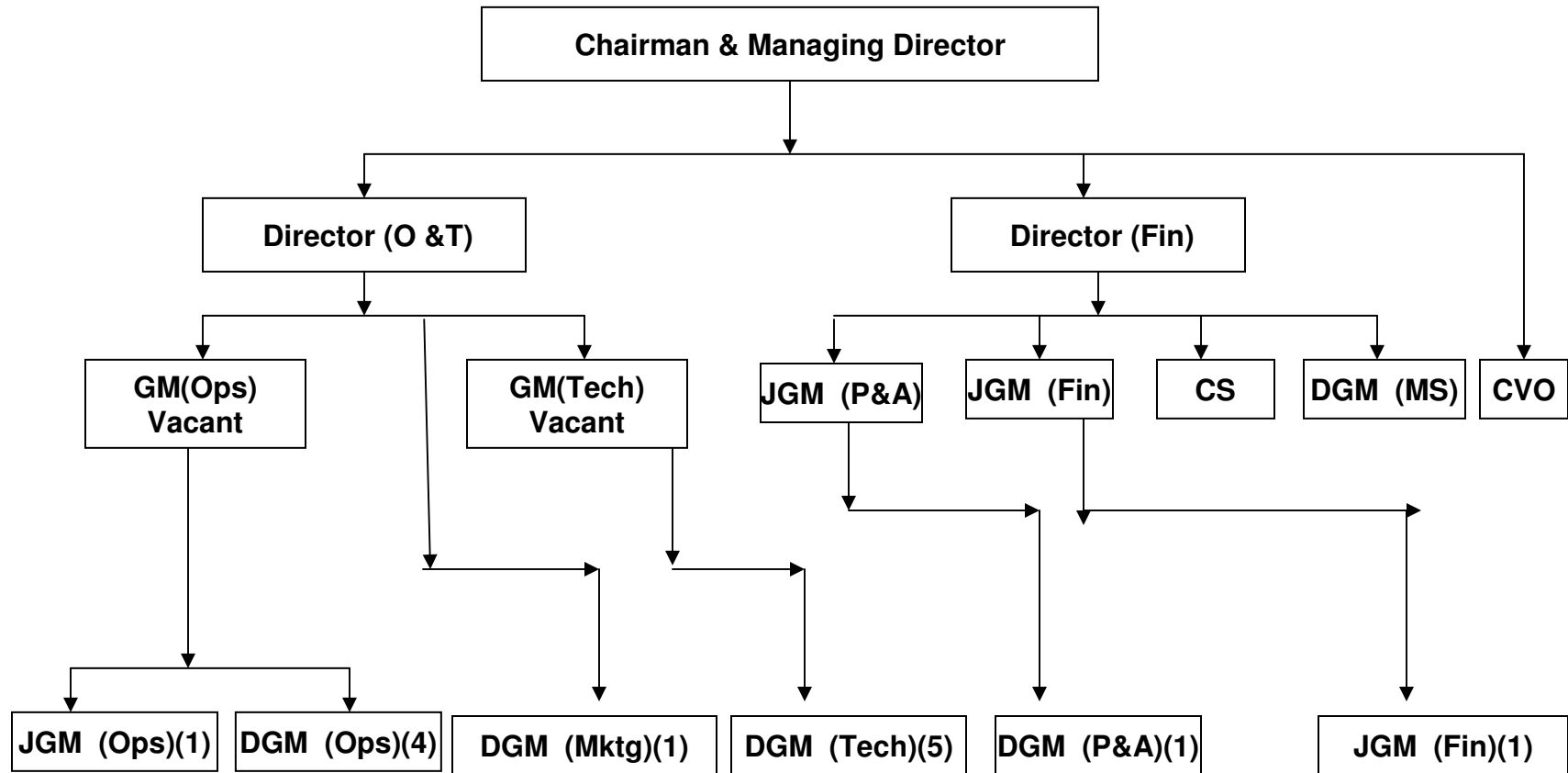


- **Dredging industry being technology oriented, R&D plays a major role.**
- **Recently DCI created a separate department to look after R&D activities.**
- **DCI is augmenting its R&D activities and inducting specialists from other organisations to keep up R&D requirements.**



# Organisation, Management, HR

# Present Organisation Structure



# Manpower Position as on 31.10.2003



A. Shore Establishment:	
Executives	155
Non-executives	257
Shore total	412
B. Floating Establishment:	
Officers	190
Petty Officers	79
Crew	295
MPWS	22
Floating Total	586
Total Manpower (412+586)	998



- **Corporation consisting of two establishments; Floating and Shore**
- **Floating Establishment**
  - Consisting of Officers, Petty Officers, Crew and MPWS
  - They work on dredgers and other floating crafts of DCI on shift basis
  - Their service conditions including wages and allowances are regulated as per maritime agreements
  - Maritime agreements are concluded between INSA and respective maritime unions and are adopted by DCI.



- **Floating Establishment (contd.):**
  - Manning on all dredgers is maintained as per safe manning, under ILO, IMO provisions of Merchant Shipping Act 1958 and D.G. Shipping guidelines received from time to time
  - To face global competition, DCI proposes to reduce man power on board dredgers in line with the international standards. Negotiations are on the way with maritime unions



- **Floating Establishment**

- The wages and allowances of fleet personnel are revised every two years. The next revision for Officers & POS is due from 01-04-2002
- The wage revision for crew is due from 01-04-2000 which is pending with INSA due to rivalry of unions and an EX-GRATIA payment of Rs.1500/- per month is being paid to Crew / MPWS w.e.f. 01-04-2000 pending revision of wages, as advised by INSA.



- **Shore Establishment**

- Shore establishment consists of Executives and Non-Executives
- Shore personnel working both at head office and project offices render shore support to the fleet operations



- **Shore establishment**

- The wage revision in respect of shore officers was implemented as per the Government of India (DPE) instructions
- In respect of non-executive employees, the wage agreement was implemented as per the settlement signed with the recognised union before the state conciliation officer. The next revision of wages of executives and non-executives is due from 01-01-2007.



- **Shore establishment:**

- The VR scheme was introduced by DCI during Aug.2000
- 119 employees, comprising 80 executives and 39 non-executive were relieved under VR scheme
- Reduction in manpower achieved was 22.6% of the strength as on 31-07-2000



- **Shore establishment**

- The corporation once again introduced VR scheme recently on October 23, 2003. This scheme is open up to January 22, 2004
- Present VR scheme is applicable to employees who have:
  - More than 5 years residual service as on date of issue of notification
  - VR will be allowed for category of employees who have been identified and declared 'surplus'
  - VR scheme is not applicable to board level employees.



# **Financial Overview For The Years 2000-01, 2001-02 & 2002-03**

# Profit & Loss Account



Rs. Lakhs.

S.No	Particulars	2000-01	2001-02	2002-03
1	<u>Income from:</u>			
2	Operations:	38435	48896	49280
3	Others	1850	1257	2672
4	Total income (2+3)	40285	50153	51952
5	<u>Expenditure on</u>			
6	<u>Operations:</u>			
7	Pay and benefits to operational staff	3281	3526	4023
8	Repairs & Maintenance	3697	3228	3646
9	Spares & stores	3185	3397	4489
10	Fuel & lubricants	8128	10114	11289
11	Insurance	643	871	801
12	Other Opnl. Exps.	996	915	1590
13	Sub-total	19930	22051	25838

Profit & loss account – Contd ..

# Profit and Loss Account



Rs. Lakhs.

S.No	Particulars	2000-01	2001-02	2002-03
14	Admn. Expenses	3331	1743	2091
15	Interest	514	1303	701
16	Depreciation	1414	4168	5023
17	Provisions	690	6785	2970
18	Total expenditure(13+14+15+16+17)	25878	36051	36623
19	Profit before extraordinary items (4 - 18)	14407	14103	15330
20	Extraordinary items	3	14	-43
21	Prior period adjustments	-40	1087	18
22	Provisions written back	1351	1257	3588
23	Profit before tax (19-20-21-22)	15722	16461	18893
24	Provision for current tax	4851	4851	284
25	Provision for deferred tax	0	1454	2426
26	Profit after tax (23-24-25)	10871	10155	16183

# Profit and Loss Account up to 30-09-03



In Rs Lakhs.

S.No	Particulars	2003-04 (up to sep'03)
1	<u>Income from:</u>	
2	Operations:	23916
3	Others	1806
4	Total income (2+3)	25722
5	<u>Expenditure on</u>	
6	<u>Operations:</u>	
7	Pay and benefits to operational staff	2128
8	Repairs & Maintenance	4004
9	Spares & stores	2678
10	Fuel & lubricants	5504
11	Insurance	437
12	Other opnl. Exps.	500
13	SUB-TOTAL (7 to 12)	15250

Note : The half year accounts up to 30 -09-03 are under compilation and audit. The above are limited review figures only.

# Profit and Loss Account up to 30-09-03



In Rs Lakhs.

S.No	Particulars	2003-04 (up to sep'03)
14	Admn. Expenses	1027
15	Interest	185
16	Depreciation	2513
17	Provisions	156
18	Total expenditure(13+14+15+16+17)	19131
19	Profit before extraordinary items (4 -18)	6591
20	Extraordinary items	0
21	Prior period adjustments	-1
22	Provisions written back	1970
23	Profit before tax ( 19 – 20 - 21 – 22 )	8560
24	Provision for current tax	100
25	Provision for deferred tax	463
26	Profit after tax ( 23 – 24 – 25)	7997

Note : The half year accounts up to 30 -09-03 are under compilation and audit. The above are limited review figures only.

# Balance Sheet



In Rs Lakhs.

S.No	Particulars	2000-01	2001-02	2002-03
A	Sources of funds			
1	Share capital	2800	2800	2800
2	Reserves & surplus	40858	48913	62987
3	Net worth (1+2)	43658	51713	65787
4	Loan funds			
5	Secured loans	0	6776	0
6	Unsecured loans	22694	13915	11983
7	Deferred tax liability	0	1454	3880
8	Total	66352	73858	81650

Balance sheet application of funds – contd . .

# Balance Sheet



In Rs Lakhs.

S.No	Particulars	2000-01	2001-02	2002-03
B	Application of funds			
1	<u>Fixed assets</u>			
2	Gross block	61071	80570	83184
3	Less:depreciation	29283	33128	38041
4	Net block ( 2 – 3)	31788	47442	45143
5	Capital work in progress	13991	740	1311
6	Investments	49	0	0

Balance sheet application of funds – contd . .

# Balance Sheet



In Rs Lakhs.

S.No	Particulars	2000-01	2001-02	2002-03
7	Current assets			
8	Inventories	873	1009	615
9	Sundry debtors	13323	11859	12927
10	Cash & bank balances	8818	18626	23287
11	Other current assets	3824	3932	5187
12	Loans and advances	6788	5372	9343
13	TOTAL CURRENT ASSETS (8 to 12)	33626	40799	51360
14	Current liabilities and provisions			
15	Current liabilities	9407	8824	9903
16	Provisions	3695	6300	6261
17	Total current liabilities and provisions (15+16)	13102	15123	16164
18	Net current assets (13 – 17)	20524	25676	35196
19	Total	66352	73858	81650

# Cash Flow Statement



In Rs Lakhs.

S.No	Particulars	Ending 31.03.01	Ending 31.03.02	Ending 31.03.03
A	Cash flow from operating activities:			
1	Profit before Tax	15722	16461	18893
2	Less/add: profit/loss on sale of assets	0	-14	-14
3	Less: extraordinary items	-3	0	57
		15719	16446	18936
4	Adjustment for:			
5	Depreciation	1414	4269	5023
6	Interest expense	514	1303	701
7	Interest income	-1458	-839	-1431
		470	4732	4293
8	Operating profit before working capital changes	16189	21179	23229

Cash flow statement – contd . .

# Cash Flow Statement



In Rs Lakhs.

S.No	Particulars	Ending 31.03.01	Ending 31.03.02	Ending 31.03.03
9	Increase (-) / decrease (+) in inventory	120	-137	394
10	Increase (-) /decrease (+) in sundry debtors	-6813	1464	-1068
11	Increase (-) /decrease (+) in other current assets	-1288	274	-550
12	Increase (+) /decrease (-) in trade payables	-988	1478	4
		-8969	3080	-1221
13	Cash generated from operations	7220	24258	22008
14	Less: interest paid	-489	-1317	-723
15	Income taxes paid	-5905	-3744	-3744
16	Cash flow before extra - ordinary items	826	19197	17541
17	Less: extraordinary items	3	0	-57
18	<i>Net cash from operating activities (a)</i>	829	19197	17484

Cash Flow Statement – contd . .

# Cash Flow Statement



In Rs Lakhs

S.No	Particulars	Ending 31.03.01	Ending 31.03.02	Ending 31.03.03
B	Cash flow from investing activities			
1	Purchase of fixed assets	-22547	-6127	-668
2	Proceeds from sale of equipments	1	20	31
3	Interest received	2170	766	1265
4	Investments	0	49	0
5	<i>Net cash from investing activities (b)</i>	-20377	-5292	628

Cash Flow Statement – Contd . .

# Cash Flow Statement



In Rs Lakhs

S.No	Particulars	Ending 31.03.01	Ending 31.03.02	Ending 31.03.03
C	Cash flow from financing activities:			
1	Proceeds from long term borrowings	13523	1200	0
2	Payment of long term borrowings	-2437	-3753	-11352
3	Dividend paid	-1400	-1400	-2100
4	Corporate dividend tax	-231	-143	0
5	<i>Net cash from financing activities ( c )</i>	9454	-4096	-13452
D	<i>Net increase/decrease in cash and cash equivalents (a+b+c)</i>	-10093	9808	4660
E	Cash & equivalents as at 1st april	18911	8818	18626
F	Cash & equivalents as at 31st march (d+e)	8818	18626	23287

# Important Data & Ratios



In Rs Lakhs

S. No	Particulars	2000-01	2001-02	2002-03
1	Turnover	40285	50153	51952
2	Expenditure before Dep, int and Admn.	19305	26479	25244
3	Operating profit (1-2)	20980	23675	26708
4	Operating margin (3/1)	52%	47%	51%
5	Gross margin (profit before Dep, int and tax)	17650	21932	24617
6	Depreciation	1414	4168	5023
7	Gross profit (5-6)	16236	17764	19594
8	Interest	514	1303	701
9	Profit before tax (7-8)	15722	16461	18893
10	Profit after tax	10871	10155	16183
11	Profit after tax to turnover (10/1)	27%	20%	31%
12	Share capital	2800	2800	2800

**IMPORTANT DATA & RATIOS – contd . .**

# Important Data & Ratios



In Rs Lakhs

S. No	Particulars	2000-01	2001-02	2002-03
13	Reserves & surplus	40858	48913	62987
14	Net worth (12+13)	43658	51713	65787
15	Loan funds	22694	20691	11983
16	Current assets	33626	40799	51360
17	Current liabilities	13102	15123	16164
18	Current ratio (16/17)	2.57	2.70	3.18
19	Net working capital (16-17)	20524	25676	35196
20	Net fixed assets	31788	47442	45142
21	Capital employed (19+20)	52312	73118	80338
22	Return on net worth (7/14)	37%	34%	30%
23	Return on capital employed (7/21)	31%	24%	24%
24	Dividend %	50	75	100
25	Debt equity ratio (15/14)	0.52:1	0.40 :1	0.18 : 1
26	Earnings per share (10/no. Of shares)	38.83	36.27	57.79

## Customer-Wise Revenue Contribution ( 2002-03) (Major Customers)



S.NO.	NAME OF CUSTOMER	REVENUE EARNED (RS.IN LAKHS)	NATURE OF WORK
1	KOLKATA PORT TRUST	28,030.64	MAINTENANCE DREDGING
2	KANDLA PORT TRUST	4,686.37	MAINTENANCE DREDGING
3	COCHIN PORT TRUST	3,545.99	MAINTENANCE OF DEPTHS
4	NEW M'LORE PORT TRUST	2,825.27	MAINTENANCE DREDGING
5	PARADIP PORT TRUST	1,878.83 377. 88	MAINTENANCE DREDGING CAPITAL DREDGING



# SWOT Analysis & Growth Strategy



## Strengths

- 7th largest dredging company in the world with 80 mn cu. m dredging capacity
- Mini Ratna – category 1- PSU
- Dominates maintenance dredging in India
- Familiarity with Indian conditions and fleet suited to Indian ports (e.g. Low draught vessels for Haldia)
- Ports and DCIL both under MOS and hence highly coordinated business approach

## Weaknesses

- Being a PSU , elaborate decision making process to withstand vigilance scrutiny
- As against the increasing global trend towards large vessels, dredger size is small
- Relatively lesser experience in international market and capital dredging.
- Ageing fleet leading to:
  - **Operational inefficiencies**
  - **High cost of repairs & maintenance**
- Comparatively lesser use of IT
  - **Manual methods for MIS**



## Strengths

- High technical competence, trained manpower, good quality top management

## Weaknesses

- Lack of full fledged marketing set-up because of full capacity utilization in the past resulting from reserved market share
- High manning levels.



## Opportunities

- Maintenance dredging is a perennial requirement for ports and India with its long coastline, resulting in good business potential
- Growth opportunities in capital dredging from new ports
- Value added services for ports
- Dredging opportunities in South-East Asia & Middle East.

## Threats

- Regulatory changes may erode dominant market share
- Preferential treatment in case of government contracts, if removed, could impact growth and profitability
- Emerging competition from global dredging firms eyeing India opportunities
- Low quotes by foreign companies with depreciated equipment to capture market



- **Maintenance Dredging**

- DCI'S endeavor would be:

- To maintain market share in maintenance dredging as DCI would capitalize on its know how of the Indian ports in terms of soil, weather etc.
    - DCI is also in the process of appointing marketing agents abroad, identification of alliance partners etc. To facilitate diverting part of its capacity to international markets



- **Maintenance Dredging - Business Environment in Addressable Markets**

- Considering the regulations in international market and availability of free market for foreign players, DCI can address the market in the following countries:-

<b>Singapore</b>	-	<b>Malaysia</b>
<b>Indonesia</b>	-	<b>Sri Lanka</b>
<b>Thailand</b>	-	<b>Taiwan</b>
<b>Philippines</b>	-	<b>Middle East</b>
<b>Bangladesh</b>		



- **Maintenance dredging-Business Environment in Addressable Markets**
  - Not many restrictions for DCI to address its business in the identified markets like Singapore, Malaysia, Middle East.
  - Further DCI would have mobilisation advantage in these markets since these markets are close to India.
  - The business environment in these areas are also conducive, particularly in respect of operation of project office, banking operations, procurement of materials, transfer of business earnings etc.



- **Capital Dredging - Efforts to Enhance its Market Share by:**
  - Forming JVs/ SPVs with Foreign Dredging Companies
  
  - By Acquisition of Additional Equipment
    - DCI proposing to acquire one number 5000 cum. Hopper capacity TSHDs and one number 2000 cum. Solids per hour pumping capacity CSDs immediately to augment its capacity.
  
  - Acquiring/enhancing skills in project management and project planning



- **Undertaking Reclamation and Beach Nourishment works as required by clients, with existing dredgers**
- **Re-enter in-land dredging since DCI had planned inland dredging basing on the volume of work to be generated due to inter-linking of rivers and other measures initiated by government, DCI would like to re-enter the inland dredging.**
- **Consolidation of relationship with major ports in the country like**
  - Entering into long term contracts
  - Conducting annual meets for better interaction and
  - Sharing of information and continuous feed back analysis.



- **Working with Private Ports**
  - Developing Relationships with upcoming Private Port Developers in the Country
  - To tie up with major civil construction companies to cater to their turn key requirements.
  - To equip suitable equipments for meeting maintenance and capital dredging needs of private ports



- Optimizing Capacity Utilization
- Continuous Project Monitoring and Review Mechanism
- Reduction in equipment down time through preventive maintenance
- Improvement in systems for expediting procurement of spares
- Introduction of on-line connectivity between Dredgers, Projects and Head Office

***Thank You***