

CABINET OKAYS SALE OF GOVT'S STAKE IN DREDGING CORP

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NEWDELHI: Continuing with its disinvestment agenda, the Cabinet on Wednesday approved the sale of its entire stake of 73.47% in the 41-year-old mini ratna firm Dredging Corp. of India (DCI). The minister for shipping Nitin Gadkari confirmed the move.

A senior government official on condition of anonymity said the stake sale is likely to fetch around ₹1,400-1,500 crore to the state exchequer. The company has been reporting declining profits for the past few years.

Set up in 1976, Vishakhapatnam-based DCI is involved in maintenance dredging for various major ports, beach nourishment, land reclamation, shallow water dredging and project management consulting.

The company employs around 500 people and is listed on BSE and National Stock Exchange. With the sale of stake, the government will completely exit the dredging operations business.

"The company had a strong case for disinvestment. Core group of secretaries on disinvestment approved DCI stake sale and they were backed by Niti Aayog too," a shipping ministry official said on condition of anonymity. The company earned profit of ₹7.12 crore after tax in 2016-17 as against ₹43.50 crore in the previous year, he added.

He said the company's employees would have an option to go for a voluntary retirement scheme.

On the question of whether the company will continue with its commitments at various ports, the official said, "The call would be taken by the new owners."

The move comes at a time when the government plans to raise Rs72,500 crore through disinvestment in Central Public Sector Enterprises in 2017-18.