Ports & Shipping News

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Ports

■ The **port expansion project** of the **Adani Group-owned Mundra Port and Special Economic Zone Limited** (MPSEZL) has **achieved financial closure**. The expansion plan of the port, which involves expanding infrastructure facilities and augmenting mechanisation facilities, is estimated to cost Rs 12 billion. Of the total project cost, Rs 8 billion has been arranged through debt and the balance Rs 4 billion is being raised through internal accruals. The company has arranged its Rs 8 billion debt from seven banks – State Bank of India, Canara Bank, Allahabad Bank, Syndicate bank, Corporation Bank and State Bank of Hyderabad. The expansion project is expected to be completed in the third quarter (July-September) of the calendar year 2007. The port expansion programme involves adding four bulk cargo berths and two container berths, acquiring two tugs and four mobile harbour cranes and increasing the port's cargo handling capacity to 50 million tonne per annum (mtpa).

■ **Reliance Logistics Investment**, a Reliance Group company, and **Jai Corporation**, have jointly **bought** a **51-per cent stake** in **Rewas port**. There will be fresh issue of equity at par with the new partners. The first phase will cost Rs 25 billion. Future investments in the project will be tied up by the new partners. The port is presently awaiting environmental clearance from the Union Government. Construction work is likely to begin in October 2006 and the total investments in the two phases will be around Rs 50 billion.

■ The **Mumbai Port Trust** (MbPT) has **submitted development plans** amounting to **Rs 4.69 billion** to the **Union Government** for **final approval**. Among the plans are the Rs 1.52-billion new cruise terminal, the Rs 1.50-billion fifth oil berth at Jawahar Dweep and the Rs 1.50-billion redevelopment of the BPX and BPS berths. The projects also involve the redevelopment of the harbour wall berths, encompassing upgrading four harbour wall berths at Indira Dock to handle large and deep-draft vessels, and construction of a second berth for handling chemicals. These five projects, for which consultants will be appointed soon to prepare detailed feasibility reports, are expected to be ready by 2009-10. The proposed projects will be scrutinised by the Public Investment Board (PIB), which will then forward them with its recommendations to the Cabinet Committee.

■ Meanwhile, the **Mumbai Port Trust** has once again **extended** the **bidding deadline** for its **Rs 12-billion offshore container terminal** project. The new deadline for the project, which has already been delayed for two years is October 9, 2006. This extension was due to delay in security clearance for International Container Terminal Services Inc. (ICTSI) of the Phillipines, which is bidding along with Larsen and Toubro (L&T).

■ The **Visakhapatnam Port Trust** (VPT) has **decided** to **undertake construction works** of **east quay** (EQ)-**10 berth** in the **inner harbour** on **build-operate-transfer** (BOT) **basis**. According to sources, VPT is presently waiting for approval from the public-private partnership (PPP) enterprise. Once the proposal gets approval, the port will invite tenders for selecting a private partner to undertake the project. The successful bidder will be required to invest more than Rs 1 billion to construct the berth and will get a 30-year lease right to operate it. Meanwhile, the port has decided to construct the west quay (WQ)-6 berth in the inner harbour using its own funds.

■ The **Jawaharalal Nehru Port Trust** (JNPT) is **planning** to **create** an **additional berth** by **extending** the **existing container berth** by **330 metre**. The estimated cost to develop the facility is Rs 5 billion. UTI Bank is advising the port on the extension of a container berth, which will enhance its capacity by around 7.2 million tonne. At present, the container berth of 1,280 metre is shared by JNPT and private terminal operator Dubai Ports World. According to sources, the port trust has not decided whether the

extension will be a new facility or shared by the existing operators.

■ **JNPT** is **planning** to **float** a **joint venture** with **Dubai Ports World** and a consortium of **Maersk India** and **Container Corporation of India** for a common rail operator service to ease congestion at the port.

■ The **UK-based Portia Management Services**, which holds **26 per cent stake** in **Vizag Seaport,** a **Portia-Gammon India consortium**, **may exit** the **dredging venture** at the **Visakhapatnam port** on account of **delay** in **getting the government's final approval**. VPT had approached the shipping ministry for a final approval of the dredging proposal in April 2006. An in-principle approval for dredging up to 12.5 metre was granted in 2003 to Vizag Seaport. According to sources, stage I of deepening of channel, which had already been undertaken by VPT, is expected to be completed by the end of September 2006. The port trust has invested Rs 300 million for this stage. Stage II, which is proposed to be undertaken by the consortium, is likely to be completed by March 2007. Meanwhile, Portia has evinced interest in other port projects in India like Mormugao, New Mangalore and Simar. According to sources, it may also reconsider its strategy of investing in these port projects due to delays in getting government clearances.

■ The **Gujarat government** is **expected** to **augment** the **facilities** of the **Porbandar port**, managed by the Gujarat Maritime Board (GMB), by **dredging** and **providing more berths**. In this regard, the Porbandar District Chamber of Commerce and Industries has called for expeditious development of the port. The Chamber believes that the all-weather port which exports clinker, cement, bauxite and fish as well as imports coal throughout the year as well as handles cargo of 2.1 million tonne per annum has the potential to achieve maximum traffic among the slew of smaller ports in the state.

Shipping

■ **ABG Shipyard** and **Bharati Shipyard** have **expressed interest** in **partnering** the **Rs 4-billion project** of the **Kandla Port Trust** (KPT) to **develop** a **mega shipyard** and **ship repair facility** on **BOT basis** at **Tuna** in **Gujarat**. However, the port trust is yet to invite global tenders for the project. Tuna shipyard is being envisaged under the National Maritime Development Programme (NMDP). It includes two repair jetties with a length of 500-600 metre and two graving dry docks 250-metre long and 45-metre wide. While the techno-economic feasibility for the shipyard has been completed, KPT will soon appoint an advisor to prepare the tender documents, which will be floated in five to six months for developing Tuna shipyard.

■ **Greatship (India) Limited** (GIL), a wholly-owned subsidiary of the Great Eastern Shipping Company Limited, has **signed** a **contract** to **acquire** a **2005-built platform supply vessel** (PSV). The vessel is expected to join the company's fleet in the second quarter (July-September) of 2007-08. This will bring the current orderbook of GIL to six offshore supply vessels (OSVs) comprising two new PSVs, two new anchor handling tug supply vessels (AHTSVs) and two second-hand modern PSVs.

■ The **Tuticorin Port Trust** is **planning** to **establish** a **shipbuilding yard** at an **outlay** of **Rs 14 billion**. This yard will be established on build-operate-transfer (BOT) or lease basis on 49.68 hectare. The yard will have a building dock of 390 metre in length, 65 metre in breadth and 10 metre in height and five berths with a total length of 1,200 metre. Korea Maritime Consultants Company Limited submitted the feasibility study last week. The construction of the yard is expected to be completed in four years.

■ **Larsen and Toubro** (L&T) will **invest $400 million** in its **shipbuilding unit** with an aim to gain market share for smaller vessels. L&T will select a deepwater yard this year and start building container ships weighing as much as 25,000 tonne in three years.