

Bharati, Apeejay to build shipyard along east coast

REUTERS/PTI

Mumbai, 16 October

Bharati Shipyard and Kolkata-based Apeejay Shipping will invest Rs 2,000 crore in a joint venture to set up a modern shipbuilding yard along India's eastern coast. The two parties are in the process of finalising the site.

Bharati Shipyard and Apeejay had proposed, last month, to develop modern shipbuilding and ship repairing yards at Dhamara in the Bhadrak district of Orissa. The Orissa government was examining the proposal for the yards, which would be built along the 450-km long coastline at an investment of Rs 2,200 crore.

While ship builders are expanding their capacities by buying other yards and assets, the shipping and engineering companies are planning to set up shipbuilding yards to exploit the sector's surging potential.

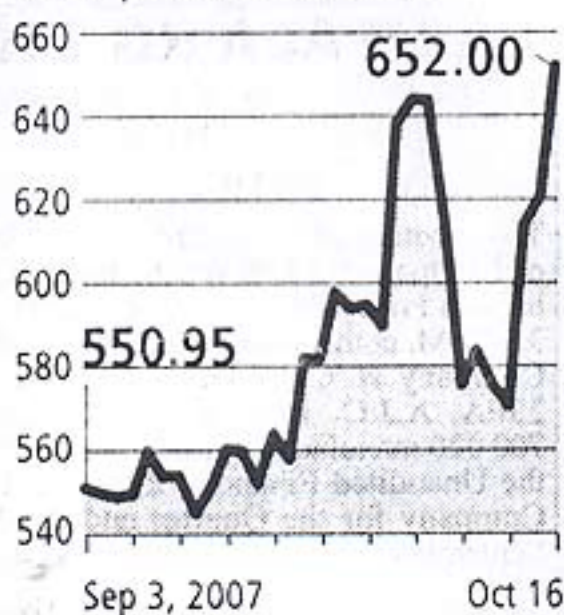
"The JV with Bharati Shipyard heralds our foray into the ship building industry at an opportune time," said Karan Paul, chairman of Apeejay-Surendra Group, adding that the domestic ship building industry is expected to grow manifold.

The Indian ship building industry is expected to expand to \$20 billion by 2020, a report by i-maritime Consultancy said.

The proposed shipyard, expected to start operations in

BHARATI SHIPYARD

Share price on BSE in Rs



2009, would build superior ships of high tonnage and cater to the ship repairing business of existing shipping companies globally, Bharati said in a statement.

Bharati Shipyard, which has orders worth Rs 4,430 crore, owns three shipyards in India and is building the fourth one in Mangalore. Its group subsidiary, Pinky Shipyard, owns a yard in Goa. "We expect a growth in demand, and our new shipyard along the east coast is expected to partly fulfill this requirement," said V Kumar, Managing Director, Bharati Shipyard.

Bharati Shipyard bought assets of the 130-year old Swan Hunter (Tyneside) Shipyard from England earlier this year. Its competitor ABG Shipyard bought unlisted Vipul Shipyard and won a 51 per cent stake

in Western Indian Shipyard this year, as well.

The shipbuilding activity, which was hitherto the forte of European countries and the US, is now being dominated by Japan, China and South Korea.

India, with 32 shipbuilding yards, accounts for about a per cent of the global shipbuilding orders, a report by Angel Broking pointed out. Analysts said the country's market share would rise in a decade.

With seaborne freight markets into the fourth year of a boom and shipping companies placing new orders to keep up with demand, the Indian government provided a subsidy on vessels built in the country from 2002. The subsidy, which ended in August 2007, could be extended or the industry could be given infrastructure status to help it compete with overseas yards, analysts and industry experts said.

The state-run Shipping Corp of India is in talks with a foreign shipyard for setting up a large ship yard in India. Media reports suggest that Shipping Corp is in talks with Hyundai Heavy Industries and would invest Rs 30 crore.

The Gujarat-based Adani group is setting up a ship building and repair yard and media reports said Reliance Industries plans to spend \$2 billion on shipbuilding and dredging.