

## **Bharati, Apeejay to invest 20 bln rupees in shipyard**

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MUMBAI (Reuters) - Bharati Shipyard Ltd and unlisted Apeejay Shipping Ltd said on Tuesday they would invest 20 billion rupees in an equal joint venture to set up a modern shipbuilding yard along India's eastern coast.

While Indian ship builders are expanding their capacities with buyouts of other yards and assets, Indian shipping and engineering firms are planning to set up shipbuilding yards to exploit the sector's surging potential.

"The JV with Bharati Shipyard heralds our foray in to ship building industry at an opportune time," Chairman Karan Paul of Apeejay-Surendra Group said, adding the Indian ship building industry is expected to grow multi-fold.

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

The proposed shipyard, expected to start operations in 2009, would build superior ships of high tonnage and also cater to the ship repairing business of existing shipping firms globally, Bharati said in a statement.

Bharati Shipyard, which has orders worth 44.30 billion rupees, owns three shipyards in India and is building the fourth one in Mangalore. Its group subsidiary, Pinky Shipyard, owns one yard in Goa.

"We expect growing demand and our new shipyard along the east coast is expected to partly fulfill this requirement," Managing Director V. Kumar of Bharati Shipyard said.

Earlier this year, Bharati Shipyard, bought assets of 130-year old Swan Hunter (Tyneside) Shipyard Ltd from England.

Its competitor ABG Shipyard bought unlisted Vipul Shipyard and won a 51 percent stake in Western Indian Shipyard, also this year.

### **INTENSE COMPETITION**

Shipbuilding, which was hitherto the forte of European countries and the U.S., is now being dominated by Japan, China and South Korea.

India, with 32 shipbuilding yards, accounts for about just a percent of the global shipbuilding orders, but is expected to gain market share, a report by Angel Broking said. Analysts said the country's market share would rise in a decade.

In addition to seaborne freight markets into the fourth year of a boom and shipping firms placing new orders to keep up with demand, the Indian government provided a subsidy on vessels built in the country from 2002.

The term of the subsidy, which ended in August 2007, could be extended or the industry could be given an infrastructure status to help it compete with overseas yards, analysts and industry experts said.

State-run Shipping Corp of India is in talks with a foreign shipyard for setting up a large ship yard in India. Media reports suggested, Shipping Corp is in talks with Hyundai Heavy Industries and would invest 30 billion rupees.

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.

Engineering firm Larsen & Toubro, which already has a yard in Gujarat, plans to invest about 15 billion rupees for setting up another one.

In August, Punj Lloyd said it plans to invest 4.03 billion rupees for a 25.1 percent stake in Pipavav Shipyard Ltd.

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