

REF: The Economic Times dt.20.08.07

Gammon forays into port ops with Mumbai terminal

The company got the mandate for the container project last week after much delay

Gammon India is stepping up its exposure to port sector. After winning the man-date to set up and operate Mumbai Offshore Container Terminal (MOCT) and Gu-jarat's Bedi Port, the Mumbai-based infrastructure major is aggressively looking to bid for other port/terminal projects in the country. This includes two mega projects currently under bidding at Paradip Port -- one, 10 million tonne (MT) iron ore terminal and another, a coal terminal for similar capacity.

After a long 2 years' delay, Gammon India has finally received the mandate for the Mumbai container terminal last week. The project is being developed by Gammon group of companies in consortium with a Spanish logistics company Dragados SPL. While Gammon India and Gammon Infrastructure Projects cumulatively hold 50%, Dragados will hold the remaining stake.

Senior Gammon officials said the company is going to bid aggressively for the ore/coal terminals at Paradip. Industry sources said Gammon may join hands with Noble Group of Singapore, while company officials however refused to comment. Noble is one of the largest handlers of iron ore in India, and owns logistics facilities at various ports in the country.

"The project is currently at the RFQ (request for qualification) stage. We hope that the bids will be invited on revenue-sharing basis," said an official.

Paradip Port Trust has asked bidders to submit RFQs for the two proposed terminals by August-end. Each facility will cost around Rs 500 crore. Since Paradip is the largest drycargo port in the country in ore/coal handling, Gammon will face tough competition, said sources. Paradip had earlier invited bids for an exclusive iron ore berth, but later decided to go for two separate terminals by cancelling the earlier process.

Gammon has already been declared the lowest (L1) bidder for Bedi Port, which was among 7 minor ports that Gujarat Maritime Board (GMB) wanted to develop through private participation. "GMB had fixed yearly royalty as well as concessional royalty, and the bidding was based on number of years that bidders would seek concessional royalty for. Gammon quoted 'zero' -- which meant that it did not seek concessions on the royalty payment," said an official.

The officials at Gammon said that Mumbai terminal is estimated to cost about Rs 800 crore in the initial phase of 3 years, and another Rs 400 crore subsequently. MOCT is being developed on build-operate-transfer (BOT) basis with 30 year concession period, including 3 years of construction and equipping period.

The project involves operation and management of the existing container terminal for the initial 5 years, and development and management of the offshore terminal with two berths. Mumbai port handled 128,000 TEUs during last financial year from its existing terminal.

The Gammon-Dragados joint venture had emerged the successful bidder to operate the 1.2 million TEU capacity terminal by quoting the highest revenue share of 35.064% when Mumbai Port Trust invited bids two years ago. They had beat the only other bidding consortium of L&T-ICTSI, which quoted 31%. The bidding was based on the annual revenues to be shared with port trust.