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# Private firms vie for nine Gujarat ports with aggressive price bids

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Mumbai: The response to bids called by the Gujarat government for developing nine ports was opened on Friday, and indicated the overwhelming interest of private sector firms in building and operating ports in the world's second fastest growing major economy. Each of these ports will cost more than Rs1,000 crore to build.

For seven out of the nine ports, private firms have submitted in their price bids that they are ready to pay the full waterfront royalty fixed by the state government on a per tonne basis for handling various types of cargo at these ports. For the other two ports, they have even quoted a premium over the royalty set.

"Nobody expected this kind of bidding. It is mind boggling. It just shows the cargo demand at Gujarat ports in future," said Saket Shah, chief operating officer (Gujarat) of Continental Warehousing Corporation Ltd, a contender for the Bedi port project.

The state government had fixed a full waterfront royalty of Rs30 per tonne for solid cargo, Rs60 per tonne for liquid cargo including liquefied natural gas (LNG), Rs36 per tonne for crude oil, Rs600 for loaded 20-foot equivalent unit (teu) containers, Rs150 for empty teu containers, Rs900 for loaded 40-foot equivalent unit (feu) containers and Rs225 for empty feu containers. A teu is the standard size of a container and is a common measure of capacity in the container business. An feu is twice the size of a teu. The state government has also set a concessional waterfront royalty that is one-sixth the full rates in each cargo category.

According to the bidding criteria, the firm quoting the least number of years for paying the concessional waterfront royalty (that means it will pay the full waterfront royalty in the most number of years) to the government will get the 30-year contract for developing and operating each of these ports.

Gammon Infrastructure Projects Ltd, a unit of Mumbai-based construction firm Gammon India Ltd, has emerged the successful bidder for Bedi port. Gammon has selected Dragados SPL, the biggest port operator in Spain, as its port operating partner. IL& FS Ltd is set to win the Khambat port project. A consortium comprising IL& FS Ltd and SKIL Ltd is the successful bidder for the Mithivirdi port. In all these three ports, the private firms have submitted that they are ready to pay the full waterfront royalty from the first year of starting operations till the 30th year of contract period.

In the case of Mahuva port, D S Constructions and chemical company Nirma Chemical Works Ltd, are the successful bidders. Both have quoted zero years of

concessional waterfront royalty. For Vansi Borsi port, successful bidders Gammon Infrastructure Projects and Creative Port Development Pvt Ltd have quoted zero years of concessional waterfront royalty.

Four firms, Gammon Infrastructure Projects, GVK Power and Infrastructure, Hira Exports and Adani Group have quoted zero years of concessional waterfront royalty for developing the Modhva port project.

Hira Exports has gone step further by quoting a premium of Rs1 per tonne on the full waterfront royalty set by the Gujarat government.

The state government will now negotiate with these private firms for selecting the developer for each of these three port projects where more than one firm has come out on top.

For the Simar port project, a consortium comprising Shapoorji Pallonji, Afcons Infrastructure and Forbes Gokak has quoted zero years of concessional waterfront royalty. On top of this, this consortium has quoted a premium of Rs5 per tonne on the full waterfront royalty.

In the case of Dahej port project, GVK Power and Infrastructure has emerged the successful bidder by quoting a concessional waterfront royalty for 4.5 years.

Larsen & Toubro is set to win the Suthrapada port project. It has quoted a concessional waterfront royalty for 25 years and full royalty for the remaining five years.

As these ports are owned by the state government, the successful bidder will be free to fix tariffs for the services provided at each of these nine ports.

Gujarat government-owned ports hold the largest share of traffic handled among all the ports run by maritime states.

Ports in Gujarat located at Mundra, Pipavav, Hazira, Dahej, Jamnagar and Sikka currently have the capacity to handle 180 million tonnes (mt) of cargo. These ports handled over 130 mt of cargo in the 12 months to March 2007.

"By 2011-12, we want to create a port capacity of 400 mt a year. This means, we need to create additional capacity of 220 mt in five years," H.K. Dash, CEO of Gujarat Maritime Board had told *Mint* during a conversation earlier.