

## Press Release

### India Shipbuilding: USD 20 billion by 2020

i-maritime Consultancy Private Limited, the largest Indian maritime consulting firm, hosted a conference on Indian Shipbuilding at Taj President, Mumbai. The panelists and the attendees included the stalwarts of Indian shipyard sector, ranging from shipyards, to equipment suppliers to financiers and to regulatory authorities.

The conference started with a presentation by i-maritime on the subject. Mr. Ramesh Singhal presented the – category and company wise position of the current order book, which amounted to USD 3,697 million. This has indicated a growth of 60% over the last 5 years. i-maritime Consultancy expects a CAGR of 30% over the next decade and visions shipbuilding to become an increasing contributor to India's GDP. "As the order book is increasing at a rapid pace, we should see India's productivity slowly converging to the global level". Mr. Singhal touched upon the risks involved in the growth rate of this sector. India is seeing a huge capacity being created, out of expansion of the existing shipyards and establishment of new ones. With the current order books running full, there is a danger of over-capacity, in case the global shipbuilding industry slows down. Currently, Indian shipyards import machinery components and assemble them in India. It is expected that with increase in shipbuilding volume global manufacturer would setup ancillary units locally and Indian shipyards would export ships as well as its components.

India is seen as moving up the value chain from smaller sized ships to medium and larger-sized vessels with increase in specialization. By 2020, Indian shipyards would see use of in house development, design and R&D facility and adopting new tools for detail engineering. Having seen the bright industry prospects, the financiers and investors are keen on investing in Indian shipyards. Mr. Sumit Chandwani of ICICI Ventures brought this out through his presentation. ICICI Ventures has invested in Chennai-based Tebma Shipyard. Mr. Chandwani enumerated the benefits of Private Equity investment as a provider of large capital for growth and expansion, as a key requirement as the industry is highly capital intensive. Private Equity investors work closely with management team to grow business, help in attracting and retaining talent, ensuring high standard of corporate governance and help in placing the company in capital market through IPOs . Mr. Chandwani sees the shipbuilding as an upcoming sector in India with very high growth potential. He cited the examples of Bharti Shipyard and ABG shipyard, both of which had public equity offerings during the last two years and have given substantial returns to the investors. He used Porter's five forces to analyze the Indian shipbuilding industry rating 'threat of new entry' and 'suppliers' power' as high risks, 'competitive rivalry' as moderate to high risk factors, 'buyer power' as low to moderate risk and 'threat of substitution' as a low risk factor.

Mr. Chandwani then went on to listing the factors that helped him in zeroing in on Tebma Shipyard for investing its funds. Tebma was selected, as it was the

only shipyard globally dedicated to Offshore Supply Vessels and is also known for its core competency in tug and dredger building. It has been appreciated by clients for delivery before time and was expanding in niche segment, which is less cyclic and would cater to ships used in offshore oil and gas.

Mr. Sarangdhar added substantially from the role and responsibility of Indian Registry of Ships (IRS), emphasizing on the design capabilities, quality and the Human Resource angle. He presented the strengths of IRS and where it could lend its support to the Indian Shipbuilding sector. IRS sees itself as a well-developed platform to acquire any expertise that the industry may need. The industry can take support from IRS in the areas of ship design, shipyard facilities and methods, ship construction, Human Resource Development and ship classification. In the area of ship design, IRS can conduct compliance checks, design process review and offer advisory services. The Indian shipbuilding sector can take advantage of the expertise of IRS for consultancy services with respect to cost and quality control core issues for layouts, facilities, yard up gradation and quality assurance. IRS also helps in setting up Quality Management Systems with respect to ship construction. IRS aids in vendor assessment, ensuring quality during construction and having second party inspections at vendor's works, analyzing post-design and pre-delivery problems. Addressing the talent-crunch issues, Mr. Sarangdhar has taken the responsibility of training shipyard personnel with respect to class/owner requirements, statutory requirements, construction process, Quality Management System and training engineers in ship design and construction for employment in shipyard.

The conference ended in a positive note with the exuberance of the attendees with respect to the Indian Shipbuilding sector being very evident. Maritime Monitor BIS: Shipyard Module (a part of Business Intelligence Service of i-maritime Consultancy) could not have been launched at more opportune moment than at this forum. Mr. Sarangdhar did the launch of the Maritime Monitor graciously.