

Title: Stakeholders workshop at Mumbai Port Trust to discuss the Dry Dock project

Meeting Date: 24th May, 2016

Attendees:

- Representatives of Mumbai Port Trust
- Representatives of Industry
- Representatives of Mantrana Maritime Advisory Private Limited

Participants :

Sr. No.	Name of Representative	Name of Organisation	Designation
1.	Mr. Sanjay Bhatia	MbPT	Chairman
2.	Mr. Y.A. Wanage	MbPT	Deputy Chairman
3.	Mr K.G. Nath	MbPT	FA& CAO
4.	Capt. Shailendra Kohli	MbPT	Deputy Conservator
5.	Mr. N.M. Borwankar	MbPT	Chief Mechanical Engineer
6.	Mr. M D kulkarni	MbPT	Sr. Deputy Materials Manager
7.	Mr S J. Shah	MbPT	Ex Engineer
8.	Mr R K Rathore	MbPT	Astt Materials Manager
9.	Mr. Anand Sharma	Mantrana Maritime	Director
10.	Capt. Rahul Pathak	Mantrana Maritime	Director
11.	Ms. Gayatri Umarye	Mantrana Maritime	Business Analyst
12.	Mr. Harsh Vardhan	Mantrana Maritime	Business Analyst
13.	Mr. Bhavesh Mankodi	Brilliant Seagull	Director
14.	Mr. Dilip Desa	Brilliant Seagull	Director
15.	Mr. I.Kazi	Brilliant Seagull	
16.	Mr. Floz Cooper	Chidambaram	Chief Operating Officer
17.	Mr. K.B.Sridhar	Chidambaram	General Manager
18.	Mr. P.S Jagadish	Dolphin Offshore	Sr. General Manager

19.	Mr. P.K.Srivastava	GOL Ship Repairs	Depty General Manager
20.	Mr. Tushar Joshi	GOL Ship Repairs	
21.	Mr. Praveen Kirolikar	Goltens India	Managing Director
22.	Mr. Sunil Bhasme	Lavgan Dockyard	
23.	Mr. Faisal N	MDL	Deputy Manager
24.	Mr. S.R.Devikar	MDL	Assistant General Manager
25.	Mr. Aman Khan	Norinco	Vice President
26.	Mr. Shubham Kumar	Norinco	Sr. Manager
27.	Capt. J.Verma	Ocean Sparkle Limited	
28.	Mr. Vinayak Kale	S.S.K. Engg	Director
29.	Mr. Chandrakant Phadtare	S.S.K. Engg	Director
30.	Capt P.K. Srivastava	Sadhav Marine	Director
31.	Ms. Devahuti Choudhury	Sadhav Marine	Director
32.	Mr. Nandan Kilpady	Tag Offshore	Chief Operating Officer
33.	Mr. Abboobacker P	Tebma Shipyard	Vice President
34.	Mr. Dhananjay Mishra	Yeoman Marine	Managing Director
35.	Mr. Anil Kumar Singh	Yeoman Marine	Deputy General Manager
36.	Mr. N.B. Jadhav	Yeoman Marine	Dock Clerk

Background: On 24th May, 2016, a meeting was held to discuss the two proposed projects for ship repair facility – Up gradation of ship repair infrastructure at Hughes dry dock with the help of private participation and creation of new ship repair infrastructure at Indira dock. Representatives of Industry and Mumbai Port Trust attended. A day before the meeting, on 23rd May 2016, the representatives of industry had visited the two sites to get a better understanding of the project.

The objective of the meeting was to get the views of the representatives of industry on the feasibility of the two proposed projects.

Introduction:

Revenue from Hughes Dry Dock (HDD) contributes a very small portion of MB.P.T. revenue. For the past 10-15 years, there has been no investment made either in the Hughes dry dock i.e. replacement of Machineries / capital assets of H.D.D. & HDDP.S. One of the contributing factors for the lack of investment is that operation of dry dock including repairs is not a core activity of Mumbai Port.

With the involvement of private parties, MbPT aspires to become a leading destination for ship repair activities in the western region, with the potential to serve both domestic and international shipping companies.

During the meeting, the representatives of industry raised certain issues that may prove to be impediments to the implementation of the projects such as follows :

i) Civil integrity and infrastructure of existing dry dock:

There was consensus between the representatives of the industry and the representatives of MbPT on seepage issues. There are several other issues with civil structures that will need to be fixed to make the dry dock a world-class facility. They requested MbPT to undertake civil integrity test for the dry-dock before it is handed over to private party for development. Civil department of MbPT assured to get Civil structural Integrity checked by 3rd party technical consultants.

ii) Existing Assets:

M/s. Oceans Sparkles raised concern regarding the life of equipments. It was informed that equipments have outlived their useful life. However, no investment has been made for last 10 to 15 years. The available assets will be handed over “As is Where is” Basis. The developer has to decide for up gradation and purchase of equipments.

MbPT made it clear that only one Pump House will be used for maintaining water level at lock gates. Minimum two pumps are required for operation of Dry Dock.

The stakeholders were evaluating option of MBPT making the investment and private party pays the lease rental for operating and maintaining it. MbPT informed that such proposal not under consideration. There was consensus that investor will have to make substantial investment to develop a ship repair facility. For HDD alone the total investment is about 100 to 125 crores. However, exact modality will be deliberated before finalizing the tender.

iii) Jetties for Afloat Ship Repair:

Investor made a point about numbers of jetties proposed to be allotted for HDD. Only one jetty is not enough for carrying out operations. At least 2 jetties or another subsequent jetty should be given to them. Also, if at times MbPT would like to use jetty given to private party, charges would be applicable. Maintenance of jetty to be carried out by private party. MBPT informed stakeholders that this proposal will be deliberated with the concerned departments (Traffic & Marine). However, exact modality will be deliberated before finalizing the tender.

iv) Jetties at ID 5&6 for Afloat Ship Repair:

Representatives of industry expressed their concern that the Jetty allocated for undertaking afloat repair at Jetty ID 5 & 6 is not suitable. It would conflict with the existing docking and undocking operation of the floating dry-dock. Hence, the 2 jetties should be relocated at Jetty number 1 & 2.

If at the same time dry dock operation and cargo operation is to be carried out, it would be difficult for movement of ship which comes for repair activity at dock. It was informed to the representatives that this proposal will be deliberated with concerned departments (Marine & Traffic).

v) Area for Setting up of Workshops:

Representatives intent to have lesser area allocated for setting up of workshops for minor repairs at Indira Docks. For extended / major repair works, they could always take their material and equipments to workshops located outside Mumbai port. MbPT requested stakeholder to give feedback as regards the exact area required at both locations (water and land).

vii) Both the projects (Hughes and Indira dock) should be separate:

It was suggested to keep both the projects (HDD and Indira dock) as separate project. Port should not integrate both the projects.

viii) Industry do not want TAMP:

TAMP will limit the potential of revenues that can be earned by the private parties from the two ship repair facility. There was unanimous consensus among stakeholders that they don't want interference of TAMP.

ix) Termination Clause:

Stakeholders demanded that there should not be premature termination of contract clause for dry dock. It was informed that standard termination clause will remain present with clear conditions such as default of payment, involving in activities other than related to ship repairs, misconduct on behalf of staff of Industry etc.

x) Terms of the lease should be minimum 20 years:

In order to have sufficient time to recover their investment and to make a decent profit, industry needs a minimum term of 20 years for the lease as against proposed 15 years. There were another suggestion that since the investments are high and of permanent nature for HDD, 30 years period may be considered. Some suggestions were that extension clause for further 15 years may be included in case lease period of 30 years not considered.

However, it was made clear that after the expiry of the lease term, the investor if interested could bid again for operating the same Dry Dock but there is no guarantee that he would win the bid. In response to the query of Yeoman marine regarding recovery of CAPEX cost after 15-20 yrs. MbPT made it clear for investors that the asset will be handed over on "as is where is basis" for specified period and investment to be made by developer keeping in view the period of contract and they should leave the developed infrastructure at Dock behind as it is after completion of concession period.

xi) Industry does not want existing manpower of MbPT:

Presently, there are 84 workers employed in the H.D. docks and pumping station. The representatives raised the concern as regards who will play role of the principal employer of the manpower.

At present, the salary of the existing manpower is about Rs. 7 crores per year, excluding benefits. The average monthly salary per employee is around Rs. 75,000 without overtime.

Industry is confident that they can generate a higher output by spending a lesser amount on manpower. There is a possibility that the industry may wish to recruit some of the trained and experienced staff already working at Hughes Dry dock.

There's unanimous consensus among stakeholders that they don't want the existing employees. If they are forced to take on the existing employees, they may not even bid for the project. Salary component & skill of the workers are two main concerns in this regard.

xii) Security concerns for seamless entry and exit:

One of the potential bottlenecks to the proposed project is the seamless movement of materials in and out of MbPT. The area around the two docks is a high security area and thus requires clearances from CISF and Customs. MbPT has had preliminary discussions with both the CISF and Customs about the proposed projects. The general feedback is that both CISF and Customs won't have a problem to the project as long as the investors are clear and transparent about their operating procedures and their business activities in the area.

Detailed standard operating procedures (SOPs) will give clarity to both investors and the security agencies about the procedure to move materials in and out of MbPT. Stakeholders will discuss among themselves and get back with their expectations on what should be included in the SOPs. One of the suggestions was to involve CISF and Customs right at the project planning stage to avoid any potential conflict at a later stage. It was suggested that the Grey gate may be utilized exclusively for movements of materials related to Dry Dock and ship repairs. MbPT informed that suggestion may be considered. Cost of manning and security etc. shall have to be borne by developer

xiii) Preferential Docking:

One of the representative of M/s. Norinco raised the issue of preferential docking. MbPT informed that there is a T.R. available where the preference is given for vessels of Navy and Coastguards for defined numbers of their vessels. Preference shall be given to Mb.P.T. vessels / ships. However the issue will be examined and details will be incorporated after discussion / deliberation and approval.

xiv) Environmental Clearance:

M/s. Chougule group raised issue of Environmental clearance since blasting will be involved in much larger scale. They were informed that environmental clearance for MbPT as a whole is available and ship repairs are already underway. For further environmental clearance or clearance of any other statutory authority MbPT will assist with documents. It was also felt that high pressure water jetting may only be allowed. However the issue will be examined and details will be incorporated after discussion / deliberation and approval.

xv) Demand for copy of presentation:

Some of the representatives requested for the copy of the presentation made by M/s. Mantrana. MbPT informed that details of presentations/ layouts etc. may be shared later after proper approval of competent authority. However minutes of meeting shall be displayed on MbPT website.

sd/-

Asstt. MM Gr.I

sd/-

Mantrana Maritime Advisory Pvt. Ltd.

sd/-

Exe. Engineer

sd/-

Sr. Dy. MM

sd/-

CME