

# ABG Shipyard ready to sail up the value chain

Will foray into ship repair, make VLCCs and jack-up rigs

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ABG Shipyard Ltd, the largest private sector shipyard in the country, plans to foray into ship repair and manufacture of very large crude carriers (VLCCs) from next fiscal.

The Rs 600-crore company plans to target specialised segments like short sea shipping and chemical tankers, where the margins are inherently higher, besides focusing on the conventional mid-size vessel segment where margins would be better on account of lower costs.

The company is expanding to cater the huge demand for offshore support vessels (OSVs) and will move further up the value chain by building jack-up rigs, used in oil and gas ex-



## High sea play

Rs 600-cr firm has an order book of Rs 2,450 cr. It has lined up a capex of Rs 9,000 cr.

Will tap high-margin areas like short sea shipping, chemical tankers

ploration.

The present order book of ABG stands at Rs 2,450 crore and it has emerged as the world's largest yard in terms of order book for anchor handling tug supply vessels.

Dhananjay Datar, chief financial officer, ABG Shipyard Ltd, told DNA Money,

"Dahej is our first priority and after that, we will start concentrating on ship repairs, rig repairs and manufacturing of VLCCs. We have plans to take Dahej up to 120,000 DWT (deadweight tonnage) capacity."

ABG has already delivered a variety of marine ships including anchor handling supply ships, diving support ships, tugs and offshore vessels, bulk cement carriers, deck barges and interceptor boats.

The company is undertaking capital expenditure of Rs 9,000 crore to tap the huge demand. Dahej phase-I and phase-II will go on stream in FY09, whereas the 20% capacity expansion in Surat will go on stream in FY08. These expansions will enable ABG to enhance its leadership in the OSV segment and move up the value chain.

Analysts said competition will heat up as players like Jessop, Adani's and L&T get into the shipbuilding business, though there is enough space for all.