

# Signing of Joint Venture Agreement between Sembawang Shipyard and Kakinada Seaports Limited

**S**embawang Shipyard and Kakinada Seaports Limited have signed an agreement on 26th November 2009 to form a joint venture company, Sembmarine Kakinada Ltd (SKL), to establish and operate a marine and offshore facility catering to offshore drilling units and merchant vessels trading or operating in Indian waters.

The joint venture contract signed in New Delhi, India, will see the establishment of a modern and well-equipped marine and offshore facility catering to the offshore units and merchant vessels trading or operating in the waters off East Coast of India, regarded as one of the world's key oil and gas exploration areas. SKL is strategically located in the East Coast of India between Vishakhapatnam and Chennai Port. The East Coast of India is one of the world's key oil and gas exploration areas. The investment in this facility is a strategic fit and is in line with Sembcorp Marine's India hub strategy to cater to the growing needs of customers operating in India. Well-supported by the Indian government and the oil and gas industry, SKL will boost the business of Sembcorp Marine and further promote the Kakinada Port area.

Sembcorp Marine through Sembawang Shipyard will hold 19.9% share of the joint venture's initial investment of US\$50 million, with an option to increase to 40%. The joint venture partner, Kakinada Seaports is the first private port to operate in the East Coast of India and it is currently one of India's busiest ports. Kakinada Seaports serves more than 3,500 ship-calls annually and plays an important role in the



*Gift presentation between Managing Director of Sembawang Shipyard, Mr PK Ong, and Managing Director of Kakinada Seaports Ltd, Mr KV Rao.*

efficient turnaround of vessels requiring replenishment, bunkering and ancillary services.

#### **Stages of Development**

SKL will operate this new marine and offshore facility within the vicinity of Kakinada Seaports. SKL is to be developed in stages. SKL will initially provide riser/equipment repairs, afloat repairs and modules fabrication. Within 3 to 5 years, SKL will become a one-stop integrated offshore service facility catering to offshore vessels and merchant ships including the repairs and servicing of offshore vessels and ships, new-building of offshore vessels

and ships, riser/equipment repairs and modules fabrication.

Sembmarine Kakinada will commence operations immediately by using the available pier at the Kakinada port.

#### **Signing of Joint Venture Contract**

The joint venture contract was signed by Chairman & Managing Director of Kakinada Seaports, Mr KV Rao, and Deputy President of Sembcorp Marine and Managing Director of Sembawang Shipyard, Mr Ong Poh Kwee, in a ceremony in New Delhi.

*Left picture:*

*A spectacular dance "Invocation to the Gods" by Shobhana, an accomplished Bharatanatyam dancer in India.*



*Right picture:*

*Our Chairman, Mr Goh Geok Ling and other VIPs lighting up the inaugural lamp which represents a ray of hope and promise and a tribute to a new beginning.*



The event also marked the achievement of another milestone in the long-standing excellent cooperation between Singapore and India, with attendance of more than 250 guests from all over the world, governmental dignitaries from India and Singapore, and key representatives from major oil and offshore companies such as ONGC, Oil India, Reliance, Aban Offshore, Transocean, BG India, Essar, Cairn Energy, Jindal, etc.

Chairman of Sembcorp Marine, Mr Goh Geok Ling said during the signing ceremony "Sembcorp Marine Ltd is indeed very pleased and excited about this joint venture. The choice of Kakinada Seaports Limited as our partner is a strategic fit. For any joint venture to succeed, the critical success factors of mindset alignment between partners, commitment to goals of service excellence, high standards of

operational performance in the areas of Health, Safety and Environment, Quality, on-time delivery and the determination to pursue long term mutually beneficial goals are essential. We are thus pleased that our partners share our philosophy and convictions. Sembawang Shipyard, as a world's leading ship repair and conversion shipyard will provide technical and management services to SKL to assist in the development and implementation of operating systems, procedures and sharing best practices that will shorten the learning curve of the new Joint Venture set-up. We are confident that SKL will bring about a positive change in East Coast India as it will complement the supply chain of the marine and offshore services in India. The development, operation of SKL and its spin-off businesses which support the facility, will also bring about thousands of new jobs to the Kakinada area."

### **Signing of Favoured Customer Contracts**

Major offshore companies operating in the East Coast of India are expected to use the facilities of the newly established SKL to support their growing offshore oil and gas activities in India's East Coast.

During the ceremony, SKL also signed "Favoured Customer Contracts" (FCC) with several leading marine and offshore companies, including Transocean Offshore International Ventures Limited, India, a subsidiary of Transocean Inc. USA, to provide support to the companies ongoing offshore drilling units, Aban Offshore Limited, Asia's largest private drilling company, to repair/upgrade its drilling units, and MARCAS, which includes the world's largest ship-management company V-Ships, to repair its fleet of vessels trading to India.



*From left: Chairman of Sembcorp Marine Ltd, Mr Goh Geok Ling; CEO of Continent Projects & Technologies Pte Ltd, Mr Kris Kumar; Managing Director of Sembawang Shipyard, Mr Ong Poh Kwee; Chairman of Parliamentary Standing Committee on Petroleum & Natural Gas, Mr Arun Kumar; Minister of State for Human Resource Development, Ms Purandeswari; Minister of Steel, Mr Virbhadr Singh; Managing Director of Kakinada Seaports Ltd, Mr KV Rao; Minister of State (Defence) & MP of Kakinada, Mr MM Pallam Raju & Singapore High Commissioner to India, Mr Calvin Eu.*