

Media Monitoring

Client: **Chemoil**
Publication: **Dow Jones Newswire**
Date: **6 November 2009**
Headline: **INTERVIEW: India West Coast Bunkers Sales May Triple In 3 Yrs**

INTERVIEW: India West Coast Bunkers Sales May Triple In 3 Yrs

By Gurdeep Singh

SINGAPORE (Dow Jones)--Reliance Industries Ltd.'s (500325.BY) new refinery will help boost annual bunker sales in India's Gulf of Kutch region to 3 million metric tons within three years, a senior executive with India's largest private bunker operator said.

The Gulf of Kutch, off India's west coast, has emerged as the largest bunkering port in the country and now accounts for nearly half the country's total bunker sales, said Chandan Samaiyar, vice president at Chemoil Adani Pvt. Ltd.

"This area caters to about six refineries, so there's a huge traffic here, about 30 VLCC's (very large crude carriers) every month and sales are almost doubling every year," Samaiyar said in an interview on the sidelines of an industry conference.

However, sales volumes are limited by a lack of bunkering infrastructure like terminals, barges and pumping capacity, he said. About half the fuel oil supplies sent to the Gulf of Kutch for bunkering comes from Indian refiners and the remainder from Fujairah port, just a day away.

Chemoil Adani Pvt. Ltd. is a joint venture between marine fuels supplier Chemoil Energy Ltd. (AV5.SG) and port operator Adani Group. It was set up last year to sell bunker fuel oil to ships calling at Adani's Mundra and other nearby ports.

The company has storage capacity of 69,000 tons and sells about 60,000 tons of bunker fuel each month.

"By the end of this year, we'll reach 100,000 tons (a month) after we increase our pumping capacity and get delivery of another newly built barge," he said.

Bunker prices in India vary at ports because of different levels of provincial taxes. The Mundra port is exempt from those taxes as it's located in a so-called special economic zone.

"On average, Mundra is around \$8-\$10 (per ton) above Singapore or Fujairah prices... others like Mumbai, Kochi and Chennai are almost \$20-\$22 per ton higher than Singapore."

The competitive price has allowed the joint venture to become India's largest bunker supplier with close to half the market while the rest is dominated by state-run refiners.

"Because of the competitive prices, it makes more sense for vessels calling at Gujarat ports to refuel there rather than going to Fujairah or Singapore," he said.

Bunker sales in Gujarat, on the west coast of India, are primarily concentrated at Mundra, Kandla, Sikka and Pipavav ports.

"Overall, we're tapping less than 30% of the bunker potential in Gujarat now, (and) we see it going up to about 3 million tons (a year) as we build more infrastructure," he said.

Reliance commissioned its new export-oriented 580,000 barrels-a-day refinery in December, which is expected to further boost traffic in the region when it starts working full throttle.

India plans to execute a long-stated goal to build another bunkering facility at Kochi in southern India, which has been exempt from provincial taxes. But sales at Kochi could be limited as it is unlikely to attract much ocean going traffic, being situated close to Singapore.

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