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## **GE Shipping mulls USD 1.2 billion CAPEX plan till 2012**

*Tuesday, 30 Jun, 2009*

Live Mint reported that the Great Eastern Shipping Co Limited has taken up a USD 1.2 billion capital expenditure plan over the next 3 years.

Mr KM Sheth executive chairman of GE Shipping said “We have made the commitment of USD 1.2 billion till 2012 for our expansion program. We will acquire 8 ships, which include 6 bulk carriers and 2 oil tankers along with 13 offshore supply boats and an oil drilling rig.”

Mr Sheth said the project will be financed partly through internal accruals and partly through borrowings. However, he cautioned that borrowings from banks have become very difficult.

He said “We negotiated for our last loan at 0.65% over Libor. Now the banks are asking 4.5% to 5% over Libor, which means borrowing costs come to almost 7% to 7.5% along with the dollar to rupee exchange risk,”

Replying to a query on why the company was not bidding for Great Offshore, Mr Sheth said “We know the fleet profile of Great Offshore. Most of the ships are due for renewal and if we take over, we have to spend a lot of money. Therefore, it does not make any sense to takeover Great Offshore.”

He further added that the company requires to conserve resources to meet its own expansion commitment.

(Sourced from Livemint)

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