

Shapoorji Pallonji set to acquire 51% in Gopalpur port

By Meera Mohanty, ET Bureau | Updated: Nov 22, 2016, 02.58 PM IST



BHUBANESHWAR: Shapoorji Pallonji has agreed to buy a 51% stake in Odisha's Gopalpur port. Orissa Stevedores Ltd (OSL), one of the three original promoters, will hold the remaining 49%. This comes as OSL's founder Mahimananda Mishra is wanted by police investigating a murder that took place last month.

The second private port in Odisha, the Gopalpur project was won by a consortium of OSL, metal trader Sara International and Hong Kong-based Noble Group in 2006. Developed from a minor to an all-weather port on a BOOT (Build, Own, Operate, Transfer) model, any change in ownership requires state government approval. Noble exited the special purpose vehicle (SPV) in 2010. Shapoorji will be mostly acquiring Sara International's stake.

A Shapoorji Pallonji group spokesperson confirmed the acquisition plan and said it would invest fresh money in the port.

"At this stage of the transaction, due diligence and documentation are in progress and government clearance is awaited. This acquisition is a part of our larger group strategy to play a meaningful role to build marine infrastructure particularly around development of bulk, liquid and LNG (liquefied natural gas)," said the spokesperson in an email.

A senior official in the Naveen Patnaik government confirmed the application was pending with it.

Halfway between Paradip port and Vishakapatnam, Gopalpur was well placed to serve the plant Tata SteelBSE 0.84 % was planning to build nearby at the time that bids were floated. In the midst of an expansion, the port took a beating in 2013 when cyclone Phailin hit landfall nearby.

In 2011, Naveen Jindal's Jindal Steel and Power Ltd BSE 0.92 % (JSPL) came close to acquiring a controlling stake. The deal failed to get the Odisha government's approval and ties are said to have soured between JSPL and OSL.

The current issues at the Paradip port follow JSPL awarding part of its cargo handling contract to Seaways Shipping and Logistics last year, breaking OSL's monopoly through the association of stevedores, transporters and workers unions. It was amid this strife that Seaways' GM at Paradip Mahendra Swain was killed on Oct 26.

Jagatsinghpur police last week arrested five people in connection with the murder and said it had

proof linking those arrested to OSL and MD Misra, one of Odisha's most successful businessman. Misra's son and OSL director Charchit Mishra had earlier told ET that neither his father nor OSL had anything to do with the murder.

Meanwhile, Shapoorji Pallonji is hoping to resolve the obstacles in its bid to acquire a majority stake in Karaikal port. The company said it has reached out to the Puducherry government and is confident of a positive response. "Shapoorji Pallonji Group was invited as a white knight by the private equity investors and lenders to revive the Karaikal port which was in an urgent need of financial and technical infusion," the spokesperson said. "We understand that the existing promoter of Karaikal could not arrange for the required funds creating further issues for all other stakeholders. However the group is clear that it will invest only if the stakeholders are adequately on board."