

Shapoorji Pallonji to invest ₹2,000 cr in Gopalpur port

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Bhubaneswar, 24 July

The \$6-billion Shapoorji Pallonji Group, which is acquiring a controlling stake in the Gopalpur port off the coast of southern Odisha, has pledged an investment of ₹2,000 crore to ramp up the port's cargo volumes.

The port's cargo-handling capacity is estimated to be raised to 20 million tonne per annum (mtpa) in the first phase, said a source. The port will achieve this planned cargo growth by 2020. Two new berths will be added in this expansion. The berths are being designed to handle bulk commodities — iron ore, coal, cement, steel and limestone. The proposed investments to be financed through the Shapoorji Pallonji Group's internal accruals and some project financing, is also meant to put up a new breakwater facility at the port site and increase the scale of mechanisation.

"Our long-term vision is to reach a cargo throughput of 40 mtpa over the next five years. We would be keen to handle container business and also set up infrastructure for imports of LNG and LPG. Ports in the eastern coast have a very good potential to handle LNG and the estimated potential could be 20-25 million tonnes each year," the source said.

Construction activity on the breakwater and the new berths is expected to take off in September this year. The initial phase ramp-up involves a three-year construction program. A consortium by the name of



Gopalpur Ports Ltd (GPL) is developing Gopalpur into an all-weather port. Before Shapoorji Pallonji's offer to buy majority stake in the SPV (special purpose vehicle), GPL was promoted by Delhi-based metals trading company Sara International and Orissa Stevedores Ltd (OSL).

The Shapoorji Pallonji Group's stake in GPL would be at least 51 per cent, it can even go the extent of 60 per cent. Gopalpur port has one multi purpose berth with a capacity to handle 3.5 mtpa of bulk cargo.

The port's development work has suffered due to change in ownership structure and dithering by the original promoters to fund the expansion plan. The port development work was originally awarded in 2008 to GPL, consortium promoted by OSL, Sara International and Hong Kong based Noble Group. It was to be developed as an all-weather port on BOOST (build, own,

operate, share and transfer) basis. Later, Noble Group exited the consortium in 2010. Sara International remained almost a quiet equity participant without showing serious intent to contribute to the port's funding. Jindal Steel & Power Ltd (JSPL) made an unsuccessful bid to acquire Sara International's stake but the deal failed.

The port's operations were also battered by two back to back tropical cyclones — Phailin and Hud Hud in 2013 and 2014 respectively. After repair work, the port resumed normal commercial operations in December 2015 and graduated to full scale operations in April 2016.

Ilmenite, a rare earth mineral and industrial salt constitutes the bulk of the cargo volume. The port caters to industries like Indian Rare Earths Ltd (IREL), Jayashree Chemicals and Indian Farmers Fertiliser Cooperative Ltd (Iffco).