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MISC keen to carry out due diligence on shipping firm

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MALAYSIAN International Shipping Corp (MISC), a subsidiary of Petroliam Nasional Bhd (Petronas), is interested to carry out due diligence on the proposed sales of a stake in Shipping Corp of India Ltd.

However, its official said MISC has yet to be notified by Shipping Corp whether it has been invited to view the Indian company's assets for due diligence.

"We are still awaiting for the invitation. We have expressed interest to look at their assets," the official told Business Times, clarifying that MISC is not an interested bidder for Shipping Corp as reported earlier.

"We have to look at the asset first before indicating our interest to bid for the stake in Shipping Corp."

A wire news report yesterday said that MISC is one of the companies interested to acquire stakes in Shipping Corp. The other company identified is India's Great Eastern Shipping Ltd.

India plans to sell its stake in Shipping Corp, India's biggest shipping line by July, bringing it closer to meeting the US\$2.5 billion (US\$1 = RM3.80) asset sale target set for this fiscal year.

The Indian Government plans to sell its 51 per cent stake to Indian companies or a consortium of Indian and overseas investors.

A foreign company is allowed to buy a maximum 25 per cent on its own. The stake sale would help the company attract more investment and expand its services.

India sold US\$1.3 billion of state-run companies in the fiscal year that ended in March, half of its original target.

The sale of companies such as Shipping Corp and Indian Petrochemicals Corp may help the Government keep its budget deficit at this year's target of 5.3 per cent, compared with 5.7 per cent in the previous year, and met its asset sale target.

Officials of Shipping Corp said on April 1 that investors may submit bids for the company that owns 40 per cent of India's total shipping tonnage by June.

Meanwhile, MISC is expected to expand its business activities in Bahrain.

The company is expected to sign a deal with Bahrain during Prime Minister Datuk Seri Dr Mahathir Mohamad's visit to Bahrain.

The deal is expected to be signed in conjunction with the opening of Petronas' Bahrain office this weekend by Dr Mahathir who is currently on a week-long visit to Morocco, Bahrain and Libya.

However, the MISC official could not disclose the nature of the agreement and the parties involved in the signing, saying that negotiation has yet to be finalised.

"There are still discussing but I am confident that there will be a deal. This is considered to be a major deal and is expected to be witnessed by the Prime Minister," he said.

Although he could not disclose the nature of the deal, he said it would not be related to the liquefied natural gas (LNG) as what it secured with Gaz de France.

In a response to a query by the Kuala Lumpur Stock Exchange, MISC announced that it has secured a 3+1 year contract with Gaz de France for the time charter of its LNG tanker called Tenaga Satu.

According to the company, the contract marks a major milestone in MISC's

history as this is the first time it has secured an LNG transportation contract outside of the Petronas group.

Gaz de France is a major European gas utility company which is also involved in exploration, production, trading, transportation, storage and distribution of natural gas.

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