

Mukesh Ambani's port, power firms get ready for big boom

It turns out that Reliance Industries Ltd (RIL) is not the only Mukesh Ambani company that's planning massive capital expenditure. Weeks after the country's largest private-sector company announced it planned to invest Rs 1,50,000 crore over the next three years, it is learnt that Ambani's personal companies, led by his power and port ventures, are gearing up for a big business boom by adding capacity to meet future demand.

Bankers say the unlisted Reliance Utilities & Power Ltd is expected to spend close to Rs 10,000 crore to add 2,600 Mw of capacity over the next two years. The new units will be set up in Jamnagar, Dahej and Hazira and take care of the increasing power requirements of RIL's units. Similarly, Reliance Ports & Terminal Ltd would set up, over two years, additional berths at Jamnagar to handle liquid and solid cargo, including coal imports.

The two companies have approached banks to raise up to Rs 8,000 crore as debt to fund their expansion plans. Both are important for RIL's operations and provide vital infrastructure to its existing manufacturing plants.

The capacity additions by the power and port companies are part of their preparation of back-end infra to cater to the needs of RIL, which is going to raise its petrochemicals capacity in Gujarat by investing a massive \$8 billion over the next five years.

The road map for RIL's petrochemical expansion was unveiled by Ambani at the company's annual general meeting recently.

When contacted, an RIL spokesperson declined to comment on the expansion and fundraising plans.

Mukesh Ambani owns stake in the port and power companies through his newly-created holding company, Reliance Industries Holding Private Ltd (RIHPL).

The holding company owns Rs 31,000-crore RIL shares. This comes in handy in providing financial backing to Ambani's port and power companies in their fundraising exercise. RIHPL also owns a stake in the 1,400-km gas pipeline company that connects Andhra gas fields and Gujarat-based customers.

Analysts say the power and port companies will be able to take advantage of the incentives announced by Finance Minister P Chidambaram in this year's Budget that give a 15 per cent investment allowance to the companies investing in creating additional capacities in the next two years.

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