

LALIT JALAN, CEO, Reliance Infra

'Monetisation will help Rel Infra become debt-free by 2016-17'

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NEW DELHI: After focussing on core infrastructure business like roads, cements, defence and construction, Reliance Infrastructure is now eyeing the solar space, CEO Lalit Jalan told *HT*. Excerpts from an interview.

There have been multiple announcements recently in road, cement, defence and power.

The proposed monetisation will be huge value accretive for shareholders and will also be earnings per share (EPS) accretive. This will enable the company to become debt free in 2016-17 from the current level of more than ₹16,000 crore on a standalone basis.

The company is in talks to sell the cement business. By when will that deal be closed?

We are planning to monetise 5.6 million tonnes per annum (mtpa) of operational capacity. Seven potential buyers have been shortlisted. We expect to complete the transaction by 2015-end.

And the sale of roads projects

We have a portfolio of 11 revenue-generating road projects, connecting high-growth urban corridors of Delhi, Bangalore, Pune and Jaipur. We have short-listed 5 international bidders and expect to complete the transaction by

the end of 2015-16.

What about the Mumbai power business?

Reliance Infra has signed a non-binding term sheet with Canada's PSP Investment, where we will continue to hold a controlling 51% stake. The binding documents will be signed by 2015-16 end.

What is the capex requirement for defence?

Our immediate requirement is ₹1,300 crore to achieve a management control of 25.1% stake.

What about future strategies?

The defence sector has relatively lower capital intensity, low gestation period unlike roads, minimal

regulatory uncertainties and potential for superior

returns. We have hired several experts from the defence industry. The opportunities size in defence is expected to be ₹20 lakh crore over the next 10 years.

Why did Reliance Power exit Tilaiya UMPP?

Tilaiya UMPP was awarded to Reliance Power in 2009. The Jharkhand government was to acquire and handover the land within six months, but even after 5 years not an inch of land was made available to the company.

And the Krishnapatnam project?

Coal for the Krishnapatnam UMPP had to be sourced from Indonesia. Due to changes in regulations in Indonesia, the project turned unviable since the price of imported coal shot up. The company has moved the Central Electricity Regulatory Commission for revision of tariff citing 'force majeure'. The matter is pending in the Delhi High Court.

What projects are in pipeline?

The company has signed MoUs with the Rajasthan government for setting up 6,000-MW of solar power projects and parks. The company has also signed MoUs with the Bangladesh government for 3,000 MW of LNG-based power capacity.

