Brookfield sponsored India Infrastructure Trust (InvIT) to acquire East-West Pipeline for Rs. 13,000 crore

Mumbai, 14th March 2019: Brookfield has filed the preliminary placement memorandum, in terms of which India Infrastructure Trust, an InvIT set up by Brookfield as Sponsor and 90% investor, will invest Rs. 13,000 crore to acquire the East West Pipeline (“Pipeline”). As a part of the transaction, the InvIT will acquire 100% equity interest in Pipeline Infrastructure Private Limited (“PIPL”) which currently owns and operates the Pipeline.

Pursuant to this acquisition by Brookfield, the existing pipeline usage agreement has been reworked as follows:

- The reserved capacity reduced to 33 MMSCMD against the 56 MMSCMD.
- Any unutilized capacity payment by RIL will be the difference between Rs. 500 crore a quarter and actual revenue earned by PIPL.
- RIL will continue to be entitled to transport gas, either by itself or of any customers, free of cost against any outstanding unutilized capacity payments.

At the current approved final tariff of Rs. 71.66/MMBTU, if the average volume of gas transported is 22 MMSCMD, RIL will not be liable to make unutilized capacity payments.

The next review of tariff in April 2020 will also consider upward revision to tariff arising from determination of lower revised capacity of the pipeline.

Considering the new investments in the upstream sector in the KG basin, and the growing LNG imports, ability to swap gas, the average volume expected to be transported through the pipeline is expected to be significantly higher compared to the current levels.

RIL will be entitled to a significant participation in the net earnings of PIPL under the mechanism specified in the pipeline usage agreement.

RIL’s current investment in preference shares valued at Rs. 4,000 crore to continue and will be converted into equity at the end of 20 years.

Further at the end of 20 years, RIL has the right to acquire equity shares of PIPL held by the InvIT at an equity value of Rs. 50 crore.

About Reliance Industries Limited:

Reliance Industries Limited (RIL) is India’s largest private sector company, with a consolidated turnover of INR 430,731 crore ($66.1 billion), cash profit of INR 56,034 crore ($8.6 billion), and net profit of INR 36,075 crore ($5.5 billion) for the year ended March 31, 2018. RIL’s activities span across hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and digital services.
RIL is the first private sector company from India to feature in Fortune’s Global 500 list of ‘World’s Largest Corporations’ – currently ranking 148th in terms of revenues, and 99th in terms of profits. The Company stands 83rd in the ‘Forbes Global 2000’ rankings for 2018 – the top-most among Indian companies. It ranks amongst LinkedIn’s Top Companies Where India Wants to Work Now (2018).

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