

Reliance said to expand world's largest oil refining complex



Billionaire Mukesh Ambani-owned Reliance Industries Ltd. is considering a plan to boost its oil-refining capacity by about half, people with knowledge of the matter said.

The proposed plant, to come up at the world's biggest refining complex in Jamnagar, will be able to process as much as 30 million tons of crude a year, the people said asking not to be identified because the discussions are private. The company's shares closed 2 percent higher in Mumbai, compared with 0.9 percent gain in the benchmark BSE Sensex index.

Asia's richest man seeks to cement Reliance's dominance in the world's fastest-growing major oil consuming nation as rivals including Saudi Aramco, Abu Dhabi National Oil Co., and Russia's Rosneft PJSC acquire plants in India. Total SA and Royal Dutch Shell are also expanding into fuel retailing in India. International Energy Agency expects India's energy

demand to more than double by 2040, making it the single largest source of global growth.

Demand Surge

Oil consumption in the South Asian nation has grown by half this decade. Reliance has begun discussions with global refinery process licensors and equipment vendors for the new refining train at the Jamnagar complex, the people said. The plant of the size planned by the company may cost \$10 billion, they said. A Reliance spokesman didn't reply to an email seeking comment.

Saudi Aramco and ADNOC signed agreements to invest in a proposed 60-million ton refinery complex on India's west coast while Rosneft and partners acquired the country's second-largest private oil processor.

Shell has restarted retailing gasoline and diesel in the country, while Total partnered the Adani Group to set up liquefied natural gas import terminals and fuel retailing business. Last year, BP Plc expanded its partnership with Reliance to retail auto fuels.

Demand for fuel in India and the Middle East will make the two regions bigger oil consumers than the European Union by 2030, driven mainly by diesel for trucks and petrochemicals feedstock, according to the IEA.

Reliance is looking to process the dirtiest and heaviest crude and may focus on producing feedstock for petrochemicals, the people said.

The expansion plan is still under discussion and hasn't been finalized, the people said. A feasibility report is likely to be prepared by the end of next year, once the recently-expanded petrochemicals capacities stabilize, and Reliance is expected to make the final investment decision with an aim to start work in 2020, the people said.

The company had considered expanding its refining capacity in the past, and in 2013-14 it sought environment approval for the project. Reliance didn't move ahead with the plan as it focused on increasing downstream chemicals capacities and building the telecom business.