

GAIL agrees to pump in Rs 500 crore into Dabhol

New Delhi, Jun 6

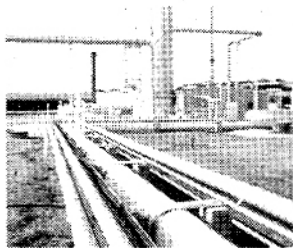
State-run gas utility GAIL (India) Ltd has agreed to infuse an additional Rs 500 crore into Ratnagiri Gas and Power Pvt Ltd to enable the owner of the beleaguered Dabhol plant to clear pending dues of contractors.

The GAIL board has cleared infusion of additional funds to enable RGPPL to pay Punj Lloyd and its British partner Whessoe, the contractors for completing the unfinished LNG terminal adjacent to the plant, industry sources said.

The board had earlier objected to GAIL, a promoter of RGPPL, lending Rs 500 crore to RGPPL on grounds that a public sector firm can only give loan to a sister PSU or a rated firm

RGPPL lacking both the qualification. However, late

last month the board approved the infusion in lieu of rights to match the highest bid for the five million tonne LNG import terminal if it is sold after hiving off from the 2,150 mw power plant, sources said.



The Empowered Group of Minister (EGoM) headed by external affairs minister Pranab Mukherjee, had asked GAIL to infuse additional funds to clear outstanding bills of contractors who had threatened legal action in case of

default.

GAIL and power utility NTPC had invested Rs 500 crore assets. Maharashtra State Electricity Board and IDBI-led lenders own the remaining equity in the company.

RGPPL had in May 2006 hired Punj Lloyd and UK's Whessoe to complete the LNG terminal but work had almost come to halt since December as RGPPL was not paying bills. Dutch marine contractor Van Oord too had been hit by unpaid bills.

The Punj Lloyd-Whessoe joint venture was given a Rs 500 crore contract to complete three LNG storage tanks, jetty and regassification facilities, while Van Oord was assigned Rs 66 crore task of dredging the Dabhol port and channel to allow LNG tankers to berth.

PTI