

Ashwin Muthiah's firm plans \$1-bn US plant

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In what looks like an innovative alliance between an Indian business unit and an Indian-American at the helm of affairs in the US, the Ashwin Muthiah-led AM International is set to make a major investment in Louisiana, with assistance from that state's governor, Bobby Jindal.

AM International, which has a controlling stake in Chennai-based Spic, will set up an ammonia manufacturing plant at an investment of \$1 billion. Jindal, born to Indian immigrants in the US and speculated to be the Republican Party's nominee for the 2016 US presidential elections, has offered the company a performance-based \$5.6-million grant to offset the project's infrastructure costs.

Muthiah's company will also get the benefits of the state's quality jobs and industrial tax exemption programme, which offers tax incentives for companies to start operations in Louisiana.

According to sources, AM Agrigen Industries, a subsidiary of Muthiah's Singapore-headquartered AM International, which will execute the project, has selected a St Charles Parish site in Louisiana to develop the potential 800-tonne ammonia manufacturing facility. Feasibility studies for the project are underway and the company has secured an option to purchase 650 acres of land for the project. It has also received the requisite environmental permits to operate such facilities.

AM International has 60 per cent stake in Spic, a manufacturer of urea in India. It also holds 17 per cent stake in Tamil Nadu Petro Products, a manufacturer of linear alkyl benzene, heavy alkyl benzene, heavy normal paraffin, epichlorohydrine, caustic soda, chlorine, ammonium chloride and hydrochloric acid; Manali Petrochemicals, in which the holding company has 40 per cent stake, produces propylene oxide, propylene glycol and polyols. It also holds stake in Greenstar Fertilizers, which manufactures phosphatic fertilisers. AM International wholly owns Wilson International, a trader of upstream and downstream products related to fertilisers.

When contacted, Muthiah confirmed there was a proposal to set up a plant in the US but declined to give details. Sources close to the company said the move was an attempt by the MA Chidambaram group scion to chart a new and distinct course for the group he had inherited.

Sources said construction of the plant was likely to begin in the last quarter of 2015 and be completed in about 30 months. AM Agrigen Industries plans to tap a mix of global investors, apart from roping in companies with which it will have offtake agreements for ammonia to fund the project. The bulk of the investment will come from the group's holding company, AM International.

The company will look to leverage the US' highest-density inter- and intra-state natural gas pipeline network, besides low and stable prices because of abundant supply of natural gas, a key raw material for producing ammonia. AM Agrigen, which will produce ammonia for customers in the US and Europe, thinks manufacturing in the US is more cost-efficient than in India, thanks to the availability of cheap gas there.

Muthiah's proposed investment is seen as substantial, considering Indian companies' total foreign investment stood at about \$2 billion globally as of January this year, according to Reserve Bank data.