

WORDS OF ASSURANCE

Will Pay Debt Despite No Help from Banks, Says Anil Ambani

Assuaging Concerns



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Our Bureau

Mumbai: Reliance Group head Anil Ambani has said that his group is working on meeting debt obligation and creating shareholder value despite no support from financial institutions and huge claims stuck in arbitration at a time he described as the "most challenging financial environment witnessed in the country in decades".

He assured shareholders that the group will meet its future debt obligations by selling assets to ensure the group is capital light with "bare minimal debt" and has higher return on equity. The group has already paid ₹35,000 crore to its lenders in the last 14 months to May 2019, despite "insurmountable odds".

"The debt servicing payments of a staggering amount of over ₹35,000 crore have necessarily had to be made almost entirely from asset monetisation despite a liquidity starved environment, and operational cash flows in an operating environment beset by procedural and regulatory hurdles," Ambani said in a media conference call on Tuesday, aimed at assuaging investors' concerns.

He did not entertain any questions during the call, which was called on short notice.

Ambani said that during this entire period, lenders, whether banks, mutual funds, insurance companies, provident funds or NBFCs, provided no additional liquidity or debt to any entity of the Reliance Group.

"Despite the continuing total apathy and lack of any support whatsoever from the financial system, which ultimately only significantly hurt the interests of lenders themselves as well as all other stakeholders, Reliance Group has demonstrated its bonafides in no uncertain manner as stated," he said.

Ambani also highlighted that group companies, such as Reliance Power and Reliance Infrastructure, have been cash strapped as claims worth ₹30,000 crore have been due for more than 5-10 years as regulatory bodies and courts have not given final adjudication orders. "Decisions have only been inordinately and repeatedly delayed for one reason or the other," he said.

The group has been battling financial stress across many of its businesses with its telecom company, Reliance Communications, facing insolvency. The group's financial services arm Reliance Capital, is struggling with liquidity issues. The concerns over the group's financial health were aggravated after its power generation company, Reliance Power, reported losses due to impairments and write offs worth over ₹4,000 crore.

Reliance Group lost around 40% in market capitalisation since December. The group's market cap at its peak was at ₹3.45 lakh crore in January 2008. On Tuesday, shares of the group witnessed some recovery after Ambani's statement, gaining 1-8%, while Reliance Communications and Reliance Naval and Engineering bucked the trend. The group's market cap inched up 2% on Tuesday from its previous levels.

"Unwarranted rumour mongering, speculation and bear hammering of all Reliance Group companies shares over the last few weeks, has caused grave damage to all our stakeholders," Ambani said.

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