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A vicious campaign, says Reliance Power

KOLKATA, Oct. 23: Asked to comment on the assertions in this and subsequent reports, a spokesperson of Reliance Power said this evening that a "vicious campaign of disinformation is underway by vested industrial interests to stall Reliance Power IPO".

The company said: "Forged letters by MPs, blatant falsehoods, baseless allegations are part of this campaign." It claimed "attempts are underway to engineer motivated litigation" and that the "campaign is motivated by frustration at the continuing success and rising valuations of the ADA group."

In response to specific queries posed by The Statesman to Mr Anil Ambani last Thursday, the spokesperson had this to say:

Q: Do you believe that the prospective investor is being given a level playing field if your IPO opens at Rs 500 for shares that you have procured for Rs 2 in terms of your declaration in the draft red herring prospectus?

A: The IPO price of Rs 500 mentioned by you is speculative. We are unaware as to how this price has been arrived at by you. In order to enable widest retail participation in the proposed IPO, an exemption has been sought from SEBI from the applicability of Clause 3.7.1 of the SEBI (DIP) guidelines to fix the issue price, through the price discovery process, below Rs 500 per share as the face value of shares is Rs 2. You would appreciate that pricing of any issue is not linked to the price at which pre-IPO capital is introduced. The investors take an informed decision based on facts disclosed in the offer document.

Q: Do you believe in assuming the same level of risk as your prospective investors or are you happy passing majority of the substantial risks ~ as declared in the draft herring prospectus ~ on to the IPO investors?

A: All the post IPO shares in the share capital of the Company shall rank pari passu in all respects, without any preference or priority over one another, including as to the risks. The same has been disclosed in the DRHP. Approximately 90 per cent of the post IPO equity capital will be held by the Promoters, which has been disclosed in the DRHP. Accordingly, they assume the corresponding risks. The promoters, in consultation with the regulatory authorities, have also undertaken the obligation to arrange/provide the requisite funds to meet any shortfall in the financing of the Identified Projects in the event the Company is unable to tie-up the requisite debt to ensure that the said Identified Projects are completed in a timely manner.

Further, in terms of the SEBI (DIP) guidelines, the entire pre-issue shareholding of the Promoters will be locked in for period of one year and 20 per cent of the post IPO capital will be locked in for a period of three years from the date of allotment under the IPO.

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