

Pay \$4 bn debt or face three-month jail, court warns Ambani

NEW DELHI: India's top court told billionaire tycoon Anil Ambani on Wednesday he must pay his debts to Sweden's Ericsson or go to jail, the latest twist in a saga that forced his telecom company to file for bankruptcy.

Ambani's debt-laden Reliance Communications is some \$4 billion dollars in debt after a brutal telecom price war that pitched him against his brother Mukesh — India's richest man — and gripped the country's business community.

Judges found Anil Ambani, 59, had refused to pay telecom giant Ericsson Indian Rs5.5 billion (\$77 million) as previously ordered by the Supreme Court. They ruled the billionaire will be jailed for three months if Indian Rs4.5 billion are not stumped up within four weeks. Ambani's firm said it will comply with the ruling and pay the debt. Some Indian Rs1 billion have already been deposited with the court, which said the sum will be handed to Ericsson.

Earlier this year, Reliance Communications said it had decided to start insolvency proceedings after failing to sell assets to pay back lenders. The dispute started when Ericsson sought to recoup Indian Rs16 billion from Reliance Communications. They reached a settlement last May, but the Indian company failed to meet the payment deadlines.

Ambani had hoped to avoid insolvency proceedings by offloading his company's telecom tower and spectrum business to his brother's business Reliance Jio for \$2.4 billion, but the deal hit regulatory hurdles and opposition from creditors.

Reliance Communications faces liquidation if it is unable to pay back its debts by November. The Ambani brothers engaged in a bitter feud for control of Reliance Industries after their rags-to-riches father Dhirubhai Ambani died in 2002 without a will. The pair ended up splitting the Reliance group, which was India's most valuable listed company.

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