

यूको बैंक
सम्मान आपके विश्वास का



UCO BANK
Honours Your Trust

FCB/MUMBAI/ADV/ 3027 /2012 -13

Dated: 02.01.2013

M/s Reliance Communication Ltd.
Reliance Centre, 19,
Walchand Hirachand Marg,
Ballard Estate,
Mumbai-400001

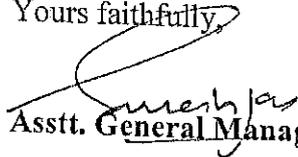
Dear Sir,

Sub: Sanction of term loans aggregating Rs. 800 crore (Rs. 740 crore in the account of M/s Reliance Communication Limited (Obligor's Agent) & Rs. 60 crore in the account of M/s Reliance Telecom Limited (Obligor) out of total debt requirement of Rs. 6500 crore for a period of 7.5 years under consortium banking arrangement

We refer our letter No FCB/MUMBAI/ADV/3026/2012 -13 dated 02.01.2013 communicating thereby sanction of the above mentioned credit facilities in favour of the company along with the detailed terms & conditions of the sanction. Please note that the company has to pay a Facility Fee @ 0.50% of the term loan amount over & above the upfront fee of 0.25% of the term loan amount outside the consortium to our Bank. All other terms & conditions of the sanction earlier communicated under cover of our letter No FCB/MUMBAI/ADV/3026/2012 -13 dated 02.01.2013 shall remain unaltered & inforce.

Please note the above stipulation of sanction and return one copy of the letter dully signed by the authorized signatory of the company as a token of unconditional acceptance of the above condition.

Yours faithfully,


Asstt. General Manager

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यूको बैंक, फ्लैगशीप कोरपोरेट शाखा, प्रथम मंजिल, मफतलाल सेंटर, नरीमन प्वाइंट, मुंबई-400021
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FCB/MUMBAI/ADV/ 3026 /2012 -13

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M/s Reliance Communication Ltd.
Reliance Centre, 19,
Walchand Hirachand Marg,
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We are pleased to inform you that at the request of the company, the Competent Authority of our bank has sanctioned following facilities in favour of the company-

1. Term loans aggregating to Rs. 800 crore (out of total debt requirement of Rs. 6500 crore) for a period of 7.5 years under consortium banking arrangement for meeting ongoing capital expenditure, operational expenditure and repayment of existing liabilities, other than any related party/ shareholder loans arising out of group's companies revised debt raising plan 'Obligor Group' format as follows;
 - a. Rs. 740 crore out of total debt requirement of Rs. 6000 crore in the account of M/s Reliance Communication Limited (Obligor's Agent)
 - b. Rs. 60 crore out of total debt requirement of Rs. 500 crore in the account of M/s Reliance Telecom Limited (Obligor).

In the process the existing STLs aggregating of Rs. 800 crore will be prepaid and exposure on 'Obligor Group' will remain unchanged.

2. Allowing 6 months time for perfection of security as per terms of sanction.
3. Permitting the company to prepay the existing STLs aggregating of Rs. 800.00 crore enjoyed by M/s Reliance communications Ltd. (due date - for Rs. 300 crore: 01.03.2013 and for Rs. 500 crore: 30.03.2013) before release of new term loans without prepayment charges.

The above approval is subject to following observations -

1. All group accounts of the company including this account must be regular & update with no overdue in our bank.
- ② The company to provide certificate from CA/SA that their accounts with other lenders is standard and regular with no overdue.
- ③ The company to certify that all their group accounts are regular & up-to date with all other lenders.
4. Company to undertake that they will repay the existing STLs on due dates or before disbursement of proposed term loan, whichever is earlier.
5. Disbursement of new term loans will be made only after full tie up of the proposed term loan requirement of the company. In case tie up is not in place before due dates



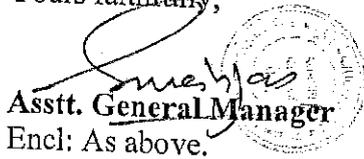
- of our STLs (02.03.2013 & 31.03.2013), the company to liquidate the STLs out of their own/ other sources on due dates.
6. Company has to submit necessary information in terms of RBI cir. No DBOD No. BP.BC.110/08.12.001/2008-09 dated 10.02.09 on quarterly basis i.e. Details of borrowing arrangements from other banks (institution wise and facility wise) and other details. The company to submit Diligence Report duly signed by the company Secretary/Cost Accountant/Chartered Accountant on annual basis.
 7. Before disbursement satisfactory credit opinion report from the 5 major lenders, confirming that the company's account with them is standard & regular will be obtained. The process of obtaining such report from remaining lenders is to be completed within 120 days from the date of 1st disbursement of proposed term loan.
 8. The company to submit financial performance of the 'Obligor's Companies' at regular intervals.
 9. The promoters to infuse more funds in the business, so that the D/E (TOL/TNW) ratio improves.
 10. FACR & DSCR to be maintained as per the business plan submitted. The same will be closely monitored by consortium & our Bank.
 11. The company has to pay upfront fee @0.25% of the loan amount.
 12. The details of the other terms & conditions of the sanction is mentioned in Annexure-I

Please note that the loan is sanctioned on the clear understanding that the same will be made available to you at the sole discretion of the Bank and that any advance made will be repayable by you on demand by the bank. The Bank will always be at liberty to stop making advance or cancel the credit facilities at any time without previous notice and without assigning any reason even though the said limits/credit facilities have not been fully availed of. Please further note that conditions stipulated by the competent authority needs to be complied with before release of the limit.

This sanction advice is sent to you in duplicate, of which, one copy is meant for you and the remaining one copy is to be returned to us duly signed by the authorized signatory of the company as a token of acknowledgement and confirmation of unconditional acceptance of all the terms and conditions stipulated by us.

Please send us your acceptance at an earliest.

Yours faithfully,


Assst. General Manager
Encl: As above.

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bo.narimanpt@ucobank.co.in

ANNEXURE - I

TERMS & CONDITIONS OF SANCTION:

NAME OF THE BORROWER: M/s Reliance Communication Limited

CONTROLLING BRANCH: Flagship Corporate Branch, Nariman Point, Mumbai

Borrower(s) :	Borrower 1 - Reliance Communications Ltd. (RCOM) Borrower 2 - Reliance Telecom Limited (RTL)				
Obligor Group	Reliance Communications Ltd. (RCOM), Reliance Telecom Limited (RTL), Reliance Communications Infrastructure Limited (RCIL), Reliance Infratel Limited (RITL) & Reliance Globalcom BV (RGBV). Each one of the above entity would be individually referred to as an Obligor & together would be referred to as the "Obligor Group". RCOM shall act as the "Obligor's Agent".				
RCOM Group	Reliance Communications Ltd. (RCOM) along with all its subsidiaries				
Lenders:	Banks/Financial Institutions, collectively the "Lenders", who are participating in funding the project by way of the Facility. State Bank of India shall act as the Facility Agent.				
Facility:	A Rupee Term Loan of Rs.6,500 Crore under a consortium arrangement to the Borrower(s) earmarked as under Rs. 6,000 Cr to Borrower 1 (RCOM): Our Share- Rs. 740 crore & Rs. 500 Cr to Borrower 2 (RTL): Our Share- Rs. 60 crore All terms & conditions mentioned herein shall apply to both term loans of the Facility.				
Purpose of the Facility:	For meeting ongoing - 1. Capital expenditure 2. Operational expenditure 3. Repayment of existing liabilities, other than any related party/ shareholder loans				
Our Share	A Rupee Term Loan of Rs 800 Crore (Rs. 740 Cr to RCOM & Rs. 60 Cr to RTL)				
Syndicator/ Arranger	Sole SBI Capital Markets Ltd. (SBICAPS) shall be the sole arranger for the Facility				
Signing Date:	The date on which the loan documentation for the Facility (the "Facility Agreement") is signed by the parties thereto.				
Lenders Base Case	The business plan and financial projections as accepted by the Lenders at the time of sanction.				
Validity Period	The sanction terms shall be valid up to a period of six months from the date of sanction.				
Availability Period:	For Borrower 1 : Until 31st March 2013. For Borrower 2 : 3 months from the creation of "Additional Security" or 30th September 2016 whichever is earlier. Any undrawn amount of the Facility at the end of the Availability Period will be automatically cancelled and will not be available for drawing.				
Moratorium	Upto 30th September 2016				
Repayment	Principal Repayment in 14 structured quarterly installments post Moratorium. For both term loans i.e. Rs 6,000 Cr to RCOM and Rs 500 Cr to RTL.				
		Q1	Q2	Q3	Q4
	FY 2017	-	-	8%	8%
	FY 2018	8%	8%	8%	8%



FY 2019	1%	1%	1%	1%
FY 2020	12%	12%	12%	12%

The repayment due dates shall be 31st December, 31st March, 30th June and 30th September in each year.

Door to Door Tenor	7years and 6 months
Interest Rate	<p>Floating rate of interest equivalent to SBI Base Rate (SBBR) plus a "Spread" of 2.50% present effective 12.50% p.a. with monthly rests.</p> <p><i>9.75 + 2.50% = 12.25%</i></p> <p>The interest payable shall be subject to the changes in interest rate policy, etc. made by the Reserve Bank of India/any other agency empowered for the purpose from time to time. However, Interest Rate cannot be lower than the base rate of any participating lender in the Facility</p>
Trigger for Re-Pricing of Rate of Interest	<p>Any adverse deviation from the estimated/ projected level in the Lenders Base Case by more than 20%, in respect of any two of the following financial parameters, arrived at from financial results, will entitle the Bank to re-price the loan.</p> <p>Interest Coverage Ratio Return on Capital Employed TOL/TNW Gross DSCR; However, the same shall not be below 1 at any point of time during the tenor of the Facility. Current Ratio</p> <p>The measurement of deviation shall be with reference to last audited statement of accounts and made from the first anniversary of the First Disbursement and annually thereafter.</p>
Interest Tax, Levies & Duties	Interest tax / other levies / duties, if any, applicable as per Facility Agreement, shall be payable by the Borrower(s) over and above the Interest Rate mentioned above.
Upfront fees	Upfront fees of 0.25% of the loan amount documented.
Commitment Fee	<p>Commitment fee of 1.20% on the amount of undrawn amounts i.e. variance in actual disbursements with respect to quarterly disbursement schedule provided by the Borrower(s) at the time of documentation for the entire availability period or the amended disbursement schedule accepted by the Lenders. The Commitment Fee shall be calculated on the basis of amount undrawn during that quarter.</p> <p>The disbursement schedule, with the approval of the Lender's Agent, may be amended by the Borrower(s), with a thirty (30) days' prior written notice before the beginning of the respective quarter.</p>
<p>Prepayment Premium-</p> <p>The Borrower(s) shall at any time have the option to prepay the Lenders in part or in full, the loan together with all interest, prepayment premium and other charges and monies due and payable to the Lenders upto the date of such prepayment, on payment of prepayment premium equal to 1 % of the amount prepaid.</p> <p>No pre-payment premium, however, shall be payable if the pre-payment is effected in any of the following events:</p> <ol style="list-style-type: none"> At the instance of the Lenders; From the surplus internal accruals generated by the Project with 30 days prior notice period with such prepayment being made once in financial year, From proceeds of strategic sale of assets of group entities or equity infusion. On Re-pricing of Rate of Interest if interest is found unacceptable, the Borrower(s) shall have 	



the option to prepay the outstanding Rupee Term Loan by advising its intention to prepay within 30 days of such re-pricing advice date and prepay the Rupee Term Loan within 90 days from the re-pricing date; However, during this period, the Company shall service the Facility at the Re-priced Rate of Interest

Liquidated damages on defaulted payments

The Borrower(s) shall pay default interest @ 1% p.a. for the period of default on the total outstanding amount in respect of Principal & interest or any other monies due on their respective due dates.

In case of Cross Default to other lenders

Arrears of default interest shall carry interest at the applicable Interest Rate till the date of payment of the defaulted amount.

However, the total additional interest on account of liquidated damages, non-compliance of various conditions/stipulations shall not exceed 3% p.a.

Security: Security for the Facility shall be created in two stages -- namely Stage -1 & Stage -2

Stage - 1 ("Initial Security")

The proposed Facility along with interest, fees, commission and other dues to the Lenders shall be secured by:-

1. First pari - passu charge on all the present and future moveable plant and machinery including (without limitation) tower assets and optic fibre cables, if any, capital work in progress (pertaining to movable fixed assets) of Reliance Communications Ltd. (RCOM), Reliance Telecom Limited (RTL), Reliance Communications Infrastructure Limited (RCIL) & Reliance Infratel Limited (RITL);
2. First pari passu charge on all the rights, title, interest, benefit, in respect of all insurance contracts entered into in relation to the assets described in (1) above;
3. Assignment of all telecom licenses of RCOM (UASL, NLD and ILD)
4. Negative lien on the following –
present and future moveable fixed assets of RGBV (subject to existing encumbrance as on date of execution of Facility Agreement)
present and future immovable assets of the Obligor Group
Telecom Licenses held by RTL (subject to the existing assignments of the telecom licenses for the benefit of the existing lenders of RTL)
present & future investments of RCOM in the Obligor Group, subject to existing encumbrance as on date of execution of Facility Agreement
cash and cash equivalents of the Obligor Group (subject to existing encumbrance as on date of execution of Facility Agreement)

The security in (1) (2) & (4) shall be created before first disbursement and (3) within 6 months from the date of first disbursement.

The above security shall be shared on a pari - passu basis with other Secured creditors of the Obligor Group.

Stage - 2 ("Additional Security")

5. First pari - passu charge on all present & future moveable fixed assets of the Obligor Group, including, but not limited to moveable Plant and Machinery and Capital Work in Progress
6. Assignment of all telecom licenses of the RTL (UASL)
7. First pari-passu charge on present and future cash flows, receivables, other current assets, revenues, intangibles of the Obligor Group
8. First pari-passu charge on all present and future immovable assets of the Obligor Group
9. Assignment of rights, titles, interests, benefits, claims and demands in material project contracts



incl. insurance proceeds of the Obligor Group.

10. Implementation of Co-obligor structure for the Obligor Group. This shall mean joint and several guarantees from each of the members of the Obligor Group to secure the obligations of the Borrower(s) in connection with this Facility.

11. Pledge by

RCOM over their shareholding in RCIL;

RCOM and Reliance Infocomm Infrastructure Private Limited over their shareholding in RTL.

12. Subject to regulatory approvals permitting mortgage of spectrum, all spectrum belonging to the Obligor Group shall be mortgaged in favour of Lenders within 3 months from the date of such permission/notification.

The security in (5), (6), (7), (8) (9) ,(10) & (11) shall be created post obtention of consent of existing lenders of respective Obligor Group entities and such other regulatory or statutory approvals, as may be required. The same shall have to be created & perfected within 6 months from the date of first disbursement of the Facility. However, in instances where despite the Obligor Group having demonstrated due effort to create/perfect security, if there is a delay on account of statutory/regulatory reasons, the same shall not be construed as an Event of Default.

The above security shall be shared on a pari - passu basis with other Secured creditors of the Obligor Group.

All Security to be held by Security Trustee for the benefit of Lenders in a form and manner satisfactory to State Bank of India.

Additional Interest:

In case the Obligor Group fails to create & perfect the Security (for both Stage - 1 & Stage - 2) within stipulated time periods, the Borrower(s) shall pay an additional interest of 1% p.a. on the entire outstanding loan amount from the end of such stipulated time period till creation & perfection of Security. However, in instances where despite the Obligor Group having demonstrated due effort to create/perfect security, there is a delay is on account of statutory/regulatory reasons, extension in timeline, based on mutual consent between RCOM & SBI may be granted. During such extension, such additional interest may not be charged. Any further disbursements pending perfection of security shall be at the sole discretion of the Lenders.

Stake sale/ Equity infusion:

The Borrower undertakes to implement a stake sale/ equity infusion plan due to which a cash infusion shall be made into the Borrower as per the schedule indicated below:-

Financial Year	(Amount in Cr)
31st March 2013	5,000
31st March 2014	10,400
31st March 2015	1,000

Borrower shall pay an additional interest of 1% p.a. on the entire outstanding loan amount in case of any breach in compliance with the above undertaking till such time the breach is cured. Further, any breach in adherence to the above schedule shall be construed as an Event of Default.

Debt Reduction Undertaking/ Covenant:

The Borrower undertakes to implement a debt reduction schedule due to which the aggregate Gross Debt of RCOM Group (consolidated financials of RCOM as per Indian GAAP) shall not exceed:

As on	(Amount in Cr)
31st March 2013	41,000
31st March 2014	32,500
31st March 2015	29,000
And thereafter shall not exceed	25,500

Borrower shall pay an additional interest of 1% p.a. on the entire outstanding loan amount in case of any breach in compliance with the above undertaking till such time the breach is cured. Further, any



breach in adherence to the above schedule shall be construed as an Event of Default.
For the purpose of testing the above, foreign currency component of Gross Debt shall be calculated as per 1 USD = Rs. 55.

Financing Documentation:

The Facility will be governed by a Facility Agreement in form and substance acceptable to both the parties. The Facility Agreement will contain usual provisions for a facility of this nature and the conditions precedent, events of default, representations and warranties, and covenants detailed in this term sheet.

Finance Documents shall include the Facility Agreement and other documents designated as such by the Lender and the Borrower(s).

Pre-commitment conditions:

The Borrower(s)

- a. Ties-up the entire debt requirements envisaged in the Facility.
- b. Gives a declaration / undertaking to the effect that none of its directors, is a director or specified near relation of a director of a lending bank
- c. Confirms/undertakes that name of none of the directors appears in RBI's/CIBIL's Defaulters' list/ECGC Caution List
- d. undertakes that the Obligor Group are in compliance with all matters pertaining to licenses and regulations.

Conditions Precedent:

Prior to first disbursement under the Facility, the Borrower(s) shall, to the satisfaction of the Lenders, have complied with the following:

- A. All the financing documents pertaining to the Facility (save and except the security documents required to be executed in connection with the Stage 2 Additional Security and the telecom license assignment of RCOM) shall have been executed and the same are in full force and effect backed by a legal opinion from Lenders Legal Counsel.
- B. Confirmation from the Lenders Legal Counsel that the terms of security offered by RCOM, RCIL, RTL and RITL as part of the Stage 1 Initial Security are at par with the terms of the security provided by RCOM, RCIL, RTL and RITL over their assets for the benefit of the other lenders of RCOM..
- C. Create/perfect the security as envisaged under the Security clause within the stipulated time periods.
- D. Provide an undertaking that –
Borrower(s) shall seek waiver from lenders of existing debt facilities for non-compliance of financial covenants for Financial Year 2012 and seek modification in financial covenants on the lines of Financial Covenants of this Facility. Consent letters from existing lenders/facility agents granting waiver for non-compliance of financial covenants for Financial Year 2012 and modification in financial covenants on the lines of Financial Covenants of this Facility to be in place within 6 months from the date of first disbursement. Additional interest of 1% p.a. shall be payable in case of any delay in obtaining waiver/modification in financial covenants from existing lenders.

The Borrower(s) has not agreed to more favourable terms than those offered to the "Lenders" of this "Facility" in any of its existing debt facilities. In case, it is subsequently found that more favourable terms have been agreed to by the Borrower(s), the same shall also be applicable for the Facility. Further, the Lenders are free to take any action that they deem fit to regularize the position.

Cash infusion on account of stake sale transactions i.e Rs. 5000 crs in FY'13, Rs. 10,400 crs in FY'14 & Rs. 1,000 crs in FY'15 shall not be reduced on account of tax implications, if any. If



cash infusion is reduced on account of tax implication or proceeds of stake sale transactions are not available for debt reduction, the Borrower shall infuse additional cash so as to give the same financial impact.

- E. Submission of certified copies of constitutional documents of each of Obligors;
 - F. Submission of certified copies of appropriate board resolutions and other corporate authorizations;
 - G. Submission of certified copies of all approvals including regulatory and shareholder approvals to the extent applicable;
 - H. Agree to submit a certificate of end use of the disbursement within 30 days of such disbursement and a certificate from the Statutory Auditor within 60 days of such disbursement.
- However, any disbursement to RTL under the Facility shall be made only subsequent to creation of "Additional Security".

- I. Un-conditional acceptance of all the stipulated terms & conditions by the borrower. Any contravention of terms and conditions will trigger the penal interest and or recall clause at the option of the Bank.
- J. An undertaking to be furnished by the company that none of it's directors is a director or specified near relation of a director of a banking company and none of it's directors is a specified near relation of a senior officer of the bank (Scale-IV & above)
- K. Prior to disbursement, the Company to submit details of credit facilities in Annexe-I of RBI circular no. DBOD No. BP.BC. 46/08.12.001/2008-09 dated 08.12.08.
- L. The Borrower should undertakes that they should not induct a person, who is a Director on the Board of a Company which has been identified as a willful defaulter and that in case, such person is found to be on the Board of the Borrower company, the Borrower would take expeditious and effective steps for removal of the person from its Board.

- M. CA/ Statutory Auditor's certificate that the company's account with all its existing lenders is standard & regular with no overdue.
- N. Bank will always be at liberty to cancel the credit facility or stop making further advance at any time without previous notice and without assigning any reason. Suitable Consent letter to this effect be obtained.
- O. Legal Audit will be conducted by bank's empanelled advocate and irregularities, if any are to be rectified by the company before disbursement of the loan

Affirmative Covenants:

The Borrower(s) agrees that or shall ensure that (as applicable):-

- a. Reliance ADA Group shall maintain Management Control of the Obligor Group and its subsidiaries through the entire tenor of the Facility. Management Control shall mean the right to appoint/remove majority of directors on the Board of the Obligor Group or power to directly/indirectly cause the direction of management and policies of a company.
- b. All statutory clearances as applicable shall be obtained and maintained at all times during the tenor of the Facility.
- c. All telecom business related approvals/clearances/ licenses from Department of Telecommunication or any other statutory body shall be obtained and maintained during the tenor of the Facility.
- d. To create security by way of mortgage of spectrum in favour of Lenders subject to regulatory approvals. Further, in case a more favourable term is offered to any other lender to the Obligor Group, the same shall also be applicable to the Lenders of the Facility.
- e. In case of default in repayment of the loan / advances or in the payment of the interest thereon or



any of the agreed installments of the loan on due date/s by the Borrower(s), the Bank and / or the RBI will have an unqualified right to disclose or publish the Borrower(s) name/unit and its directors/ partners / proprietors as defaulter in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.

- f. The Bank will have the right to share credit information as deemed appropriate with CIBIL or any other institution as approved by RBI from time to time.
- g. The Borrower(s) shall not induct into its Board a person whose name appears in the willful defaulters list of RBI/ CIBIL (other than as a Nominee/ Professional/ Honorary director). In case such a person is already on the Board of the borrowing company, it would take expeditious and effective steps for removal of that person from its Board.
- h. Lenders shall have the right to securitize the loan asset and in the event of such securitization, the Bank is not bound to send an individual intimation to the Borrower(s) or any other Obligor.
- i. Borrower(s) shall ensure that its assets and the assets of each other Obligor are fully insured
- j. Bank shall have the right to convert at its option the whole or part of the defaulted amount of the Loan into fully paid-up equity shares of the Borrower(s), at a mutually acceptable formula (or as per SEBI Regulation), if the Borrower(s) commits a default in payment of interest or repayment resulting into an Event of Default.
- k. It shall, at all times during the currency of the Facility, comply with the environmental, health, safety and social (EHSS) regulations/requirements.
- l. The Borrower(s) agrees to offer to the Bank, atleast pro-rata business relating to remittances, bills / cheque purchase, non-fund based transactions including LCs and BGs, forex transactions and any interest rate or currency hedging business.
- m. Modify/Amend its Memorandum of Association or Articles of Association as per the requirements of the proposed Facility.
- n. Lenders shall have the right to appoint independent agencies, in consultation with the Borrower(s), for monitoring of the financials and operational performance with cost to be borne by the Borrower(s).

Negative Covenants

The Borrower(s) shall not without prior permission of Lenders –

1. Formulate any scheme of amalgamation or reconstruction or change in capital structure, which shall result in dilution of stake held by RCOM in the Obligor Group and its subsidiaries. FLAG transaction as defined in the Lenders Base Case shall be a sole exception to this.
2. Undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the Bank from time to time and approved by the Bank
3. Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, or company or otherwise or accept deposits apart from the arrangement indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank.
4. Undertake any guarantee obligation on behalf of any other company other than as permitted by the bank (excluding subsidiaries of the Borrower(s) in telecom related business to the aggregate extent of Rs. 500 cr).
5. Create any charge, lien or encumbrance over its undertaking/assets or any part thereof in favor of any financial institution, bank, company, firm or persons other than as per the Lenders Base Case approved by Bank.
6. Enter into any contractual obligation of a long-term nature or affecting the company financially to a significant extent.
7. Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc.
8. Undertake any trading activity other than as approved by the lenders.
9. Permit any transfer of management control from Reliance ADA Group or make any drastic



change in the management set- up.

10. Invest by way of share capital, Lend or advance funds to or place deposits with any other concern (excluding subsidiaries of the Borrower(s) in telecom related business to the extent of Rs. 500 cr), other than approved as per business plan. Normal trade credit or security deposits in the normal course of business or advances to employees can, however, be extended.
11. Repay monies brought in by the promoters/ directors/ principal shareholders/related parties of Reliance ADA Group and their friends and relatives by way of deposits/ loans / advances/sub-debt.
12. Declare dividends for any year out of the profits relating to that year or of the previous years if the Borrower(s) is in breach of any financial covenants or the Debt Reduction Undertaking or an Event of Default has occurred.
13. Assign or mortgage any of the fixed assets charged to the Lenders. However the Borrower(s) shall have the right to sell, lease, transfer or otherwise dispose of its assets in any period of 365 days of an aggregate amount of Rs 125 Cr.

Information Covenants:

The Borrower(s) shall-

- a. Maintain adequate books of accounts and Furnish to the Lenders every year a copy of consolidated audited annual accounts of the RCOM as per Indian GAAP together with compliance certificates within 120 days and unaudited consolidated semi-annual financial statements within 90 days;
- b. Keep the Lenders informed of the happening of any event likely to have substantial effect on its profit and business with explanations and the remedial steps proposed to be taken.
- c. Keep the Lenders advised of any circumstances which could have a material adverse effect on the financial position of its subsidiaries/group companies/companies in which it has large investments/ Obligor Group, including any action taken by the creditor against the said companies.
- d. Notify any events of default or potential events of default, material litigation and other material matters to the Lenders.
- e. Provide yearly auditor certifications as required by the Lenders incl. that on the revaluation amounts, etc.

Undertakings:

The Borrower(s) undertakes to:-

- a) Maintain pari-passu ranking of obligations amongst secured lenders
- b) Offer to the Lenders any favourable term offered to other lenders to the Obligor Group except pricing terms.
- c) provide right of access/site inspections for Lenders throughout the tenor of the Facility
- d) Arrange for funds for payments required to be made for the following -
 - Onetime fee on account of spectrum held
 - License/ Spectrum renewal costs
 - Any other payment on account of regulatory compliances which has not been considered in the Lenders Base Case.

Financial Covenants:

RCOM Group (consolidated financials of RCOM as per Indian GAAP) shall comply with the following financial covenants throughout the tenor of the Facility including on the date of first disbursement of the Facility:-

1. Net Worth, shall not be less than Rs. 250,000,000,000 (Rupees Twenty Five thousand crores);



2. The ratio of Net Debt to EBITDA shall not be more than 5.82 as on 31.03.2013 and 4.00 thereafter;
3. The ratio of EBITDA to Interest Expenses shall not be less than 3.00 for FY'13 & FY'14 and 4.00 thereafter;
4. The ratio of Adjusted EBITDA to Debt Service shall not be less than 1.00
5. Asset Cover Ratio shall not be less than 1.10

The above covenants shall be tested annually and semi-annually respectively, on a rolling 12-month basis according to Indian GAAP. The testing for the end of Financial year shall be made on basis of Consolidated Audited Financials of the Borrower & mid of the Financial Year on the basis of Consolidated Unaudited Financials. Testing of covenants shall be done within 120 days from the respective financial year end dates. Testing of Financial Covenants to begin from 31.03.2013. Both testing shall be accompanied by a compliance certificate from the Auditor & the Borrower. For the purpose of the covenants above the definitions of the terms used are as listed below:

Relevant Period:

- (a) each period of 12 calendar months ending on 31 March in any year; or
- (b) each period of 12 calendar months ending on 30 September in any year;

Net Worth

The aggregate of paid up share capital and the amount standing to the credit of its consolidated reserves, including equity warrants issued to the extent they are paid up, however, after deducting the following:

- (a) all accumulated losses;
- (b) all deferred expenditures;
- (c) all deferred tax liabilities; and
- (d) revaluation amounts. This shall be certified by Statutory Auditor.

Net Debt

Gross Debt as reduced by cash and cash Equivalents.

Gross Debt

Sum of all fund based facilities availed by RCOM Group as per consolidated financials of RCOM as per Indian GAAP

EBITDA

In relation to any period, the net income from ordinary activities (for the avoidance of doubt excluding non-operating income and expense) before taking into account:

- (a) Tax;
- (b) Interest Expense;
- (c) any exceptional or extraordinary items; and
- (d) amortisation of intangible assets and depreciation of tangible assets

Interest Expense

The aggregate amount of all interest, commissions and fees in respect of moneys borrowed, discounts in respect of bills, notes or debts discounted, and that part of any amount under a financing lease or hire purchase, credit sale, conditional sale or deferred payment agreement which represents any of the foregoing but after deducting any interest income received.

Adjusted EBITDA - EBITDA for that Relevant Period



less all Taxes payable in respect of that Relevant Period.
 less realised forex losses
 less all capital expenditure for the Relevant Period.
 add cash inflow on account of asset sale/ stake sale for the Relevant Period
 add additional loans availed during the Relevant Period. This applies only for Financial Year 2013

Debt Service

The sum of:

- (a) Interest Expense for that period; and
- (b) that portion of Gross Debt scheduled for repayment in that period;

Asset Cover ratio

The ratio of a) Net Block incl. CWIP and excl. intangible assets & revaluation amounts and b) Gross Debt excluding unsecured loans, if any

Additional interest of 1% p.a. shall be levied in case of breach in the above financial covenants. However, a cure period of 30 days shall be available to the Borrower to redress the breach before which the above additional interest shall be applicable. The additional interest thus applied shall be recovered with effect from the date of breach.

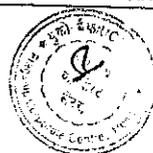
Events of Default:

The following inter-alia would be the Events of Default:

- (a) failure to pay any sum when due to the Lenders
- (b) breach of financial covenants or Debt Reduction Undertaking;
- (c) breach of covenants;
- (d) misrepresentation;
- (e) cross default with other indebtedness
- (f) Breach of material terms
- (g) insolvency or initiation of insolvency proceedings with respect to the borrower;
- (h) cessation of business by the borrower or threat of cessation;
- (i) invalidity/rescission/unlawfulness of a Finance Document;
- (j) repudiation of the Finance Document;
- (k) material proceedings and other litigation including court proceedings on license related issues resulting in a Material Adverse Effect;
- (l) expropriation, nationalization or moratoria;
- (m) cessation of telecom licenses (n) Change of Management Control of the Obligor Group; other than due to the notified transactions for which Lenders approval has been obtained
- (o) cessation of listing of the shares of the RCOM.
- (p) Failure to comply with license conditions or any revocation thereof
- (q) The occurrence of any event or circumstance which is prejudicial to or imperils or depreciates the security given to the Lenders or security ceases to be effective

Besides the loan documents would also incorporate other Events of Default.

Consequences of Event of Default	The following inter alia shall be the consequences of Event of Default; a. Acceleration of debt repayment /cancellation of Facility. b. Conversion of debt into equity at a mutually acceptable formula or as per extant SEBI Regulations whichever applicable. c. Appointment of Nominee Directors by the Lenders. d. Enforcement of security
Cancellation Clause	The Lenders have a right to unconditionally fully/partially, without notice, cancel the facility –



	<p>In case the limits/parts of the limits are not utilized by the Borrower(s), and/or</p> <p>In case of deterioration in the loan accounts in any manner whatsoever, and/or</p> <p>In case of non-compliance of terms and conditions of sanction</p>
Material Adverse Effect:	<p>Material Adverse Effect will be defined as any event or circumstance which has a material adverse effect on:</p> <p>(a) the business operations, assets or financial condition of RCOM Group and its subsidiaries (taken as a whole); or</p> <p>(b) the ability of RCOM Group to perform the payment obligations and/or comply with the financial covenants contained in the Financing Documentation; or</p> <p>(c) the validity or legality or the enforceability of or any rights or remedies of the lenders under the Financing Documentation.</p>
Change of Control:	<p>For the purpose of this clause "control" means the power to appoint and/or remove all or a majority of the members of the board of directors (excluding independent directors) and otherwise directly or indirectly to control or have the power to control the affairs and policies of the Borrower(s).</p>
Transferability:	<p>Lender will have the right to freely transfer or assign or novate to one or more persons all or a portion of its rights and obligations under the Facility Documentation without the consent of the Borrower(s). However, Lenders shall inform the Borrower(s) of any such assignment/novation/transfer.</p>
Governing Law and Jurisdiction	<p>The Facility will be governed by the laws of India and will provide for submission by the Borrower(s) to the non-exclusive jurisdiction of the courts of Mumbai.</p>
Documentation	<p>In addition to the terms and conditions contained in this Term Sheet, the final documentation will contain other customary clauses such as Financial covenants, Representation & Warranties from the Borrower(s), Conditions Precedent to the effectiveness of the loan and Condition Precedent to each disbursement, Affirmative Covenants by Borrower(s), Negative Covenants, Additional Covenants, Information Covenants, Events of Defaults by the Borrower(s) and the Consequences of the Event of Default, RBI disclosure norms, as applicable etc.</p>

