

SARG/GM3 Others/R Com/
Dated: 28/01/2019

All Lenders of
Reliance Communications Ltd. (RCOM),
Reliance Infratel Ltd. (RITL) and
Reliance Telecom Ltd. (RTL)
& Company & Consultants

Sir/Madam,

Borrower : Reliance Communications Ltd. (RCOM)
Reliance Telecom Ltd. (RTL)
Reliance Infratel Ltd. (RITL)

Subject : Minutes of the meeting organised by the above mentioned Companies, on 15th January 2019 (Tuesday) 3:00 PM at Lotus Room, Trident, Nariman Point, Mumbai 400 021 ("Meeting").

We enclose the minutes of the Meeting as recorded by us.

Yours faithfully,



(Rajesh Sheth)
Assistant General Manager

Encl. a. a.

Reliance Communications Limited (RCOM), Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) : Information compiled by SBI on the meeting organised by the Company, for the benefit of lenders, if they may require it for record purposes w.r.t. the Lender's meeting held on 15.01.2019 at the Lotus Room, Hotel Trident, Mumbai

- 1) Mr. Punit Garg, Executive Director, RCOM made a presentation as per the agenda circulated earlier by the Company encompassing a) Ericson Payment case; b) Shared Spectrum; c) RITL minority shareholders; d) Spectrum Contiguity and e) MCN, Tower & Fiber monetization and proceeds distribution.
- 2) **Settlement of Ericsson dues:** Mr. Garg informed that pursuant to the Hon'ble Supreme Court's Order dated 23.10.2018, the amount payable to Ericsson as on 31st January 2019 (including 12% interest p.a. w.e.f. 1st October 2018 on Rs. 550 Cr.) has now increased to Rs. 572.24 Cr due to time lapse.

a) Mr. Garg requested the lenders to approve following new funding arrangement for immediate settlement of dues of Ericsson: (INR in Crores)

SN	Dues of Ericsson	Amount	Source of Payment	Amount
1	Total Principal due to Ericsson	550.00	Amount deposited with Supreme Court Registry on 07.01.2019	131.00
2	Interest for the period 01.10.2018 to 31.01.2019 @12%	22.24*	Minimum Amount Payable from own sources of Anil Dhirubai Ambani Group (ADAG)	182.35
3		-	R Com TRA: Existing Balance from Income Tax refunds for the Financial Year 2015-16	128.99
4		-	RTL TRA: Expected Income Tax refunds for the Financial Year 2015-16	61.03
5		-	RITL TRA: Expected Income Tax refunds for the Financial Year 2015-16	68.87
	Total	572.24		572.24

|<--- 258.89 --->|

*Any increase in interest payment will be met by the promoter

- b) Mr. Garg requested all the Lenders to provide their consent to SBI, as per the format of consent letters shared by Company vide email dated 14.01.2019, to release funds aggregating Rs. 258.89 crore from the TRA of RCOM/RITL/RTL maintained with SBI, CAG, Ballard Estate Branch for payment to Ericsson, no later than 21.01.2019 as the matter is expected to be taken up on 22.01.2019 in the Honourable NCLAT. Lenders advised the LLC to examine the consent letters and incorporate the changes that may be required before circulating the same to lenders.
- c) Company has deposited an upfront payment of Rs. 131 Cr (including TDS) as a gesture of commitment with the Hon'ble Supreme Court Registry from the operational funds of companies other than RCOM/RITL/RTL; it was informed the payment was effected from the



account of Reliance Communications Infrastructure Ltd. (RCIL) and Reliance Tech Services Limited (RTSL). Mr. Garg assured to share the breakup of amount received from each of the two ADAG companies by 21.01.2019.

d) Mr. Garg further assured the lenders that the amount of Rs. 131 Cr already deposited with the Supreme Court is without any recourse to any Lenders or R Com/RITL/RTL/RCIL (**Obligor group**) assets and an undertaking to this effect will be given by individual companies by 21.01.2019.

e) Mr. Garg further informed that the balance fund of Rs. 182.35 Cr would be arranged by **ADAG** Companies, without any recourse to any Lenders or Obligor group assets.

3) **Payment of Annual installment of spectrum liability:** Mr. Garg appraised the lenders that annual installments of Spectrum deferred payment liabilities (**DPL**) amounting to Rs. 795.77 Cr is falling due as per details below:

SN	Type of Spectrum	Band	Consideration as per Asset Transfer Agreement/Master Agreement	Payment Due Date	Spectrum Annual Instalment (Rs. In Cr.)
1	Shared Spectrum	800 MHz (Auctions 2015)	975	08.04.2019	239.21
2	Non-shared spectrum	1800 MHz (Auctions 2014)	7,300	03.03.2019	21.53
		800 MHz (Auctions 2013)		26.03.2019	281.45
		900 MHz/1800 MHz		08.04.2019	253.58
		Subtotal			556.56
Total			8,275		795.77

a) Mr. Garg appraised that since the dues of Ericsson is getting settled by ADAG group companies and also the TRA of all obligor group companies, he sought lender's approval to utilize the proceeds from Shared Spectrum to meet the annual installments of Spectrum as mentioned above.

b) Mr. Garg further informed the lenders that the estimated realization from sale of Shared Spectrum now works out to ~Rs. 694 Cr as on 31.03.2019 (as against Rs. 975 Cr being indicated). The Company informed the lenders that the Company will make up for the shortfall towards the payment of annual installments of Spectrum DPL amounting to Rs.795.77 crores, from its own arrangements without recourse to obligor/obligor assets.

c) Based on the calculation provided by the Company, SBI contested that the net realization from shared spectrum may work out to Rs. 910 Cr as on 10.04.2019, as R Jio will take over DPL with net present value (**NPV**) of Rs. 1,762 Cr as on 10.04.2019 which is Rs. 234 Cr less than NPV of DPL as on 31.03.2019 (1,996 Cr). The calculation NPV of DPL as on 19.11.2018, 28.02.2019, 31.03.2019 and 10.04.2019, as provided by the company, is enclosed as an annexure. The comparative calculation is as below:



SN	As on ----->	19.11.2018	31.03.2019	10.04.2019
1	Gross Value	2,904	2,904	2,904
2	Less: DPL	1,929	1,996	1,762 (1,929-166)
3	(No. of days from 19.11.2018)	0	132	142
4	Less: erosion in value of spectrum approx @Rs. 1.57 cr per day	0	207	223
5	Cash value [which was protected till 19.11.2018 as per trading agreement with JIO (1-2-4)]	975	701	919
6	Less: TDS@1%	10	7	9
7	Net cash available to lenders	966	694	910

- d) Lenders enquired about Company's plan for settlement of dues of minority shareholders of RITL (**MSOR**). The Company responded that presently they are in negotiation with the MSOR so that the settlement amount may be brought down further from earlier agreed amount of Rs. 230 Cr.
- e) SBI appraised that the Company may end up with surplus funds even after meeting the annual installment under DPL as per table below:

SN	Payment	31.03.19	10.04.19	Source of Payment	31.03.19	10.04.19
1	Shared spectrum instalment	-	239	Net proceeds from sale of Shared spectrum	694	910
2	Non-shared spectrum instalment	557	557			
3	Surplus	137	114			
	Total	694	910		694	910

- f) Lenders advised the Company to resolve the issue of settling the amount to MSOR amicably to come out from IBC proceedings.
- g) Further, Mr. Garg explained the Lenders that Company has filed an Affidavit with NCLAT justifying their stance in the light of delay in receipt of permission for shared spectrum trading from the DoT.
- h) Mr. Garg requested all the Lenders to approve utilization of Shared Spectrum sale proceeds for payment of annual installment of DPL to DoT and to issue a consent letter, as per the format shared by LLC, no later than 21.01.2019.
- i) SBI requested the Company to obtain an order/direction to make payment (by SBI) as mentioned, from NCLAT, where the proceedings are pending.



4) **Asset Monetization in Tranches:**

- a) It was deliberated as to whether the asset monetization plan can be divided in two different streams, i.e., sale of spectrum and the sale of other assets which include Fiber, Tower, Real estate, Rest of R Com etc. Lenders also enquired from the Company if, any buyer(s) are willing to acquire the assets in tranches.
- b) Company recorded that the monetization of assets in tranches is feasible and informed the lenders that they do not envisage any issues with the buyer(s) for such arrangement. Definite timelines in this regard, though discussed, was not reached & consensus eluded the lenders. The sale of assets whether spectrum or other than spectrum is subject to order dated 30.05.2018 passed by the Hon'ble NCLAT and the order dated 23.10.2018 passed by the Hon'ble Supreme Court in the R Com Vs Ericsson matter. As per the Hon'ble Court order, the monetization proceeds from sale of assets may not be distributable amongst the lenders without the leave of Hon'ble NCLAT.

5) Mr. Garg submitted an update on the Arbitration Proceedings as follows:

- a) All parties to the Arbitration have completed their arguments as on 20th December 2018.
- b) Learned Arbitrator will not be able to pronounce award unless all Lenders execute the Arbitration Agreement. In this regard, Mr. Garg requested all the Lenders, who have not yet executed the Arbitration Agreement, to execute the Deed of Accession to Arbitration Agreement at the earliest.

6) Company apprised Lenders about the present status of the various legal cases as follows:

- a) **Ericsson Case:** The NCLAT has adjourned all pending hearings in this matter to 22nd January 2019 and on that date it will hear matters relating to stay on NCLT order. Further, the reply to the Contempt petition filed by Ericsson on 2nd January 2019 needs to be filed by 4th February 2019. Mr. Garg also briefed Lenders that the Company has four weeks of time to file its reply (i.e. by February 04, 2019) on the contempt petition with the Hon'ble Supreme Court and Ericsson has to file response within a week thereafter (i.e. February 11, 2019). The hearing of the contempt matter will be scheduled thereafter.
- b) **MSOR (HSBC Daisy and Others):** The NCLAT has adjourned all the pending hearings in this matter to 22nd January 2019. An Affidavit was filed before NCLAT on January 9, 2019 for non-payment to the minority shareholders. Company stated that at present the amount has not been revised from what was agreed earlier i.e. Rs. 230 crore. Additionally, Company informed the Lenders that it is in talks with the minority shareholders to seek additional time and derive a structured payment mechanism and is confident of sorting out a workable plan to settle the dues of RITL Minority shareholders. Mr. Garg informed if any settlement is worked out, the same shall be without recourse to funds from Asset Monetization for Lenders. In this connection, Mr. Garg also informed that Company is not aware about any contempt petition being filed by RITL minority shareholders
- c) **Axis Bank BG OTSC matter:** The arguments for the matter have been heard from both the parties and the order is awaited as on date. The Company informed that the Order is reserved and expected anytime the week ending 20.01.2019. If the decision is in favour of



the Company the BG provided by Axis Bank will fall off. Additionally, the Company is proposing to file Intervention Application with Hon'ble Supreme Court to accelerate the DoT's appeal against TDSAT's OTSC order, to enable early release of Axis Bank BG.

- d) **SSTL Spectrum Contiguity matter:** The matter is anticipated to be settled by end of January 2019, post final hearing, which was expected to be scheduled during the second week of January 2019 (as directed by Hon'ble Supreme Court). However, the matter did not get listed in the 2nd week of January 2019, causing further delay. The Company informed that they will be filing an application before the Hon'ble Supreme Court for early listing of the matter.
- e) **Shared Spectrum matter:** The Company informed that the next hearing of the Shared Spectrum matter is scheduled in Hon'ble Supreme Court on February 1, 2019.
- i. Company explained to the Lenders that the DoT has incorrectly decided to stall Shared Spectrum trading citing October 11, 2018 order of TDSAT, which had ruled that the past liabilities pertaining to the spectrum being sold is payable by the Seller of the Spectrum.
 - ii. Mr. Garg also informed the Lenders that DoT has not challenged the above cited TDSAT order. Company reiterated that RJIO had sought clarification/confirmation from DoT pertaining to the demand for any past liabilities pertaining to the Shared Spectrum would not be raised with the Buyer of the Spectrum as per the Spectrum Trading Guidelines, on basis of which, DoT did not provide its NOC and the Shared Spectrum sale was stalled.
 - iii. On the above matter, Hon'ble Supreme Court asked the Company and the RJIO to settle it between themselves and return to the Court. Post consulting their Legal Counsel, Company decided and filed a Limited Clarification Appeal with TDSAT on their October 11, 2018 order.
 - iv. TDSAT, after hearing both the parties i.e. the Company and DoT, directed DoT to file their replies by January 22, 2019 and the next hearing is scheduled for January 29, 2019. Company is confident to receive the Order copy on January 30, 2019 and bring further clarity on the matter by February 4, 2019.

Presentation by SBI Caps, Lender's Advisor

- 7) SBICAPS presented a comparative analysis (mailed by SBICAPS to all Lenders) of all the Monetization and Resolution Plans (MRP), as proposed by the Company over time, explaining the net cash realization to the Lenders. The calculation of the same was explained to the Lenders as well.
- 8) SBICAPS appraised the lenders that following situations may affect the realization from the Company:
- a) OTSC v/s Axis Bank and other DoT payments, if any;
 - b) Statutory Payments which were to be paid out of Shared Spectrum reimbursement in the TRA;
 - c) Pending fees of Lenders appointed Consultants including SBICAPS/LLC etc.



Presentation by JSA, LLC

9) LLC then walked the Lenders through a brief presentation on the present status of NOCs in respect of various assets and other issues as listed below. Few of the Lenders raised concern over the details in the presentation and the LLC was requested to reconcile the same by reaching out to concerned Lenders separately. LLC informed that in case of any discrepancy, the concerned Lenders may contact the LLC for updation, if any.

a) **Arbitration Agreement:** Out of a total of 44 Lenders, 32 have executed/acceded to the Arbitration Agreement and the following 12 Lenders are yet to accede to the Arbitration Agreement (as of the date of the meeting):

- i. VTB Capital
- ii. Axis Bank Limited
- iii. Canara Bank
- iv. Central Bank of India
- v. China Development Bank
- vi. Export Import Bank of China
- vii. IDBI Bank Limited
- viii. Life Insurance Corporation of India
- ix. Madison Pacific Trust Limited – RCOM Bondholders
- x. Syndicate Bank
- xi. United Bank of India
- xii. Vijaya Bank

b) **Inter-Creditor Agreement:** Out of a total of 44 Lenders, 41 are already a party to the Inter-Creditor Agreement and the following 3 Lenders are yet to accede to the Inter Creditor Agreement (as of the date of the meeting):

- i. VTB Capital
- ii. Axis Bank Limited
- iii. Madison Pacific Trust Limited – RCOM Bondholders

c) **Consent Status – NOC in relation to various asset classes:** NOCs are required from each Lender in relation to each facility that the Lenders have extended to any of RCOM/RTL/RITL. The LLC has provided a summarized status of NOCs as given below (as of the date of the meeting):



Status	MCN NOC	Fiber NOC	Tower NOC	Shared Spectrum NOC	Spectrum NOC	Real Estate NOC	Spectrum Appropriation Consent*
Clean	35	35	34	32	33	32	29
Conditional	10 (HSBC France, Yes Bank, ACRE, CA-CIB, Deutsche Bank, Bank of America, SCB - ECB RITL, VTB, Doha Bank, Emirates NBD)	7 (HSBC France, Yes Bank, ACRE, CA-CIB, Deutsche Bank, Bank of America, IDBI Bank Limited)	7 (HSBC France, Yes Bank, ACRE, CA-CIB, Deutsche Bank, Bank of America, IDBI Bank Limited)	7 (HSBC France, Yes Bank, ACRE, CA-CIB, Deutsche Bank, Bank of America, IDBI Bank Limited)	7 (HSBC France, Yes Bank, ACRE, CA-CIB, Deutsche Bank, Bank of America, IDBI Bank Limited)	7 (HSBC France, Yes Bank, ACRE, CA-CIB, Deutsche Bank, Bank of America, IDBI Bank Limited)	5 (ACRE, CA-CIB, Bank of America, Deutsche Bank, SCB)
Revoked/Declined	1 (Bank of India)	1 (Bank of India)	1 (Bank of India)	1 (Bank of India)	1 (Bank of India)	1 (Bank of India)	1 (Axis Bank Limited)
Status Unclear	1 (Axis Bank Limited)	1 (Axis Bank Limited)	1 (Axis Bank Limited)	1 (Axis Bank Limited)	1 (Axis Bank Limited)	1 (Axis Bank Limited)	-
Communication Pending	-	3 (SCB - ECB RITL, VTB, Emirates NBD)	4 (SCB - ECB RITL, VTB, ICBC ECB - RCOM, ICBC ECB - RITL)	6 (SCB - ECB RITL, VTB, Doha Bank, Emirates NBD, ICBC ECB - RITL, RCOM Bondholders)	5 (SCB - ECB RITL, VTB, Doha Bank, Emirates NBD, ICBC ECB - RITL)	6 (SCB - ECB RITL, VTB, Doha Bank, Emirates NBD, ICBC ECB - RITL, RCOM Bondholders)	9 (China EXIM, VTB, Emirates NBD, ICBC, United Bank, IDBI Bank, Vijaya Bank, Barclays Bank, RCOM Bondholders)
Total	47	47	47	47	47	47	44

*The Company proposed that upon receipt of the Lenders consent as #4 above, the consent provided to appropriate Shared Spectrum proceeds for payment to Ericsson shall stand cancelled.

- d) SBI re-iterated that apart from its internal approval, it will require express & unconditional & unqualified written consent from all the Lenders of R Com/RITL/RTL w.r.t. arrangement proposed by the Company for settlement of Ericsson dues and payment of annual installment of DPL. Further, the consent letter (s) is/are to be arranged by the Company. The LLC, JSA also seconded the stance of SBI. Mr. Garg requested all the lenders to issue requisite consent letter (s) to SBI to enable them to make payment to Ericsson and DoT w.r.t. annual installments of DPL due in Mar and Apr-19 as discussed earlier.



Lender's queries to Company

- 10) SBI requested the Company to explore the possibility of seeking advance payment from RJIO for effecting payment due to Ericsson without resorting to securing lenders' approval for payment from TRA. This would also show RJIO's continued commitment towards the monetization and the advance may be adjusted against the proceeds due from the sale of non-shared spectrum. Mr. Garg replied that they have already had multiple rounds of meetings with RJIO and made such proposals during December 2018, however, RJIO has declined such requests citing the stress and threat of IBC looming over the Company. Mr. Garg further explained RJIO's commitment continued as they have already extended the period of monetization as per the Master Agreement signed between the Company and RJIO. The lenders requested the Company to explore the possibility again as even the Hon'ble SC has suggested sorting all matters between RCOM & RJIO.
- 11) OBC requested all Lenders to collectively think as to why the reduced level of realization i.e. Rs. 975 Crore to Rs. 700 Crore is acceptable to the Lenders wherein the proceeds of the realization will be utilized for payment to unsecured parties and not to Lenders. OBC further raised its concern over the need from saving the Company from IBC proceedings.
- 12) Bank of Maharashtra enquired whether the Company is proposing a revised MRP and requested the Company to share the Revised MRP along with Updated timeline. Company responded stating that the MRP has not changed since the September 8, 2018 and they cannot commit on timelines as the process involves various external parties such as DoT, Hon'ble Courts of India, etc. Company also stated that MRP shall come into play only when the Company is out of IBC and for that Ericson has to be settled on priority.
- 13) The Lenders also enquired about the status of clearance from DoT for sale of shared spectrum to RJIO. Mr. Garg has insisted that the Spectrum Trading guidelines are very clear as to the ownership of past liabilities of the shared spectrum when it is sold. Mr. Garg informed that they had discussion with the Senior Lawyers who advised to file a Limited clarification petition in NCLAT to sort out the matter as the Hon'ble Supreme Court has directed RCOM and RJIO to resolve the issue.
- 14) On enquiry whether MSOR had filed any contempt petition against the company for not paying the dues of Rs. 230 crores, Mr. Garg informed that they have not received any notice of contempt petition. They are in the process of finalizing the amount acceptable to MSOR to settle the matter. However, the payment will be made from their own sources without any recourse to the Lenders or the Company's assets.
- 15) Lenders raised the concerns over the Spectrum value of Rs. 975 crore being brought down to ~Rs. 700 Crore and the reason for difference in value of Shared Spectrum as per Master Agreement and the value discussed therein in the meeting. Further, Mr. Garg explained the calculation of the Shared Spectrum how the value is derived thus and shared the mechanism of deriving the value of Shared and Non-Shared Spectrum calculation. Thereafter, SBICAPS explained the Lenders on the calculation presented by the Company. The calculations were later shared by the Company to all the Lenders, which is also annexed herewith.



- 16) With reference to the issue of NOCs by Lenders for appropriation of proceeds of Shared Spectrum to meet the spectrum deferred payment liability as well as that of permitting to pay the Ericsson dues out of the TRA accounts of the RCOM/RTL/RITL, Lenders informed the Company that the NOC shall be subject to NCLAT approval.
- 17) The Lenders enquired about the replenishment of the TRA account after payment of dues of Ericsson for smooth operations. The Company informed that they shall revert and submit their reply by 21.01.2019.
- 18) Lenders requested the Company to submit the budgeted operational expenses for the period of January to March 2019. The Company informed that it is yet to be prepared for the month of February and March 2019 and the same shall be shared by January 21, 2019.
- 19) Lenders asked the Company to apprise them about the net cash distributable to the Lenders along with its rationale and whether any event of default as per MRP has already taken place, if any. Company replied that since the MRP is not approved, there has not been any event of default as per MRP. Further, the Company stated that they have not revised the MRP as yet and the Company stands by the MRP circulated on September 08, 2018.
- 20) Lenders requested the Company to share immediately all the Orders/Judgements of all legal proceedings that the Company is a part of, to which the Company agreed. Lenders also asked Company to present asset-wise status of various NOCs going forward to which Company agreed.
- 21) Lenders requested the Company to share the Master Agreement as well as Shared Spectrum Agreement signed between the Company and RJIO.
- a) Mr. Garg informed that lenders are welcome to visit their office at Delhi for examining the agreements.
- b) Lenders then requested the Company to share the Execution version of the agreements including the Master Agreement executed between Company and R Jio on 28.12.2017, to which the Company has agreed.
- 22) Lenders asked the Company the reason for differentially valuing the Shared and Non-Shared Spectrum. Company informed the Lenders that the current buyer was the only one to provide a positive value when the bid process was run. However, the Lenders may re-run the entire process again if they want to, but the Company is of opinion that the condition of the telecom service providers is already stressed, and the new bids may be adverse than the current one.
- 23) Lenders raised concern over similar deferred payment liabilities arising for Non-Shared Spectrum and if the Non-Shared Spectrum is being utilized by RJIO as well. Company informed the Lenders that RJIO is entitled to use only the Shared Spectrum and the same is being adhered to by both the Company and RJIO. Further, Mr. Garg informed that the 2G and 3G spectrum of RCOM is not utilized by RJio.



- 24) Lenders inquired if the RJIO expense audit is in order and the approvals from the concurrent auditor is in place. Company replied that they are in line and there hasn't been any deviation so far. If the Lenders aren't convinced, a joint discussion with the auditors can be arranged.
- 25) Lenders inquired about the Company giving any kind of formal/informal support/comfort to DoT to get the NOC for sale of Shared Spectrum, as mentioned in various media reports and its recourse on Lenders, if any. Company declined giving any such support/comfort to DoT and informed that they do not take responsibility of the media reports. Mr. Garg emphasized that the Company though will adhere to the DoT guidelines.
- 26) SBI informed that Concurrent Auditor (BDO LLP) has submitted physical copies of the Concurrent Audit Report for the period March 2018 – July 2018. However, the reports states that Lenders and the Company are to furnish the data/information required by the BDO LLP to enable them to close the reports. The Company/Lenders agreed to provide all the requisite details.
- 27) Finally, Company expressed their concerns on the delay in receipt of NOCs from the Lenders and requested Lenders to provide NOCs expeditiously.
- 28) The Meeting was concluded with vote of thanks to the Chair and the other participants.

DISCLAIMER:

These minutes have been prepared solely for the purposes of recording the proceedings of, and discussions at, the Meeting. These minutes are not to be construed as, and do not reflect, the views of the State Bank of India on the matters as discussed and recorded herein, in any manner. Nothing herein shall be construed as being endorsed or recommended by the State Bank of India. Each of the Lenders are required to duly and independently verify, evaluate and confirm the accuracy, adequacy and completeness of these minutes, before relying on these, or taking any action basis these. Any reliance by any Lender on these minutes, or any actions taken basis hereon, shall be construed as independent confirmation by such Lender on the accuracy, adequacy and completeness of these minutes.

