

	INDIAN OVERSEAS BANK NARIMAN POINT BRANCH Bhaktawar, Nariman Point, Mumbai-400021	Telephone : 22021801
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		Date:01.01.2015

To,

**The Managing Director,
Reliance Communications Ltd/Reliance Telecom Ltd.
H Block, 1st Floor,
Dhirubhai Ambani Knowledge City,
Navi Mumbai – 400 710.**

Sir(s),

CREDIT SANCTION ADVICE

(This sanction letter contains 19 pages. Any alteration herein needs authentication).

1. We refer to your loan application and also refer to the related correspondence and discussions seeking clarifications on various points raised by you / us and the consensus of the terms and conditions and the credit facilities arrived.

We have pleasure in advising sanction of credit facilities as appended to this communication on terms and conditions stipulated thereon.

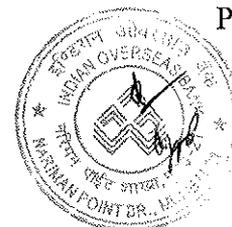
As and when you avail the said credit facilities, renewal of the limits at our option is due (i) at the end of twelve months from the date of this communication or (ii) from the date of our letter, if any, advising revalidation of this sanction.

Please note that:

2.a. bank reserves its right to amend, alter the terms and conditions or withdraw all or any of the credit limits sanctioned at any time at its discretion without assigning any reasons whatsoever.

2.b. the limits shall not be operative until specified documents are executed both by loanee /s and guarantor/s and terms and conditions of sanction are complied with as per the requirements of Sanctioning Authority / disbursing branch (es).

2.c. the credit facility should be utilised for the specific purpose for which the same has been sanctioned and if the bank has reason to believe that you have violated, or apprehends that you are about to violate the said conditions, the Bank shall have the option to exercise its right to recall the entire loan or any



part thereof at once, in addition to its right to withdraw the undrawn limits not withstanding anything contrary contained in this Sanction Advice. It is affirmed that this right is without prejudice to the Bank's right to demand the Loan amount for violation of other terms and conditions of the sanction and / or the terms reflected in the loan / security documents to be executed by you.

2.d. the referred credit facility is extended to you solely at the Bank's discretion. In addition to what is stated in para 2.c., the Bank reserves the right to withdraw partially / wholly or regulate such credit facility on the occurrence of any one or all of the following events:

2.d.1. your non-compliance with terms and conditions of sanction

2.d.2. indulging in drawings beyond sanctioned limits.

2.d.3. issuing cheques for purposes other than specifically agreed.

2.d.4. indulging in large cash withdrawals not commensurate with the requirements estimated.

2.d.5. indulging in activities which are detrimental to the image / interest of the Bank viz., acts that are unlawful, mala fide etc.

2.e. in terms of directives in force now or as may be modified from time to time default in repayment of installments and / or servicing of interest for a notified period, automatically results in categorisation of all your borrowal accounts as Non Performing Asset (NPA). Such categorisation renders you ineligible from seeking.

2.e.1. additional / adhoc credit facilities (Fund based and / or Non- fund based).

2.e.2. waiver of overdue interest.

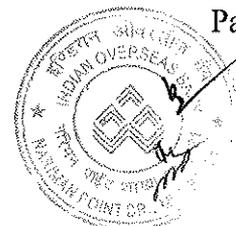
2.e.3. soft recovery measures etc.

2.f. bank is under no obligation to consider your request, if any, for additional Credit facility(ies) without a comprehensive review of the existing credit limits, operations in the accounts and past performance in meeting commitments such as servicing of interest charged to the loan account(s) repayment of loan installments, prompt submission of stock-statements., upkeep of records of inventory and books of accounts, upkeep of machinery financed, honouring commitments under LC / LG promptly etc, as applicable to the purpose for which credit facility has been extended.

2.g. in the event of your borrowal account being overdrawn without prior agreement or exceeding the agreed borrowing limit or in the event of delay / non-submission of stock statement, bank shall charge overdue interest at the rates specified from time to time.

The amount of such overdue interest debited to the loan account will find a place in the statement of account received by you (presently such overdue interest is levied @ 2 per annum on the amount due).

2.h.1. In the case of borrowal accounts where interest rate is linked to BPLR (Benchmark Prime Lending Rate) or Base Rate or where fixed interest rate is specified by the Bank, changes if any, in the Bank's BPLR and/or the spread (viz. Plus or minus percentage factor to BPLR) or fixed rate specified by the Bank, shall be conveyed through Press Report or Publicity through media or a suitable



'Notice' placed in the banking hall of the branch and such mode of communication shall be construed as sufficient 'Notice' to you about the revisions effected in the interest rates.

2.h.2.the applicable interest rate/s will be charged with monthly / quarterly / half yearly /annual rests, or such other rates and rests as may be notified by the Bank from time to time.

2.h.3.the interest will be calculated and charged as per the daily balances, to your borrowal account/s until the same is fully liquidated and the interest so charged will be paid by you as per the terms agreed or as and when demanded by the Bank.

2.i. prepayment of your borrowal accounts will be subjected to the applicable prepayment charges and revised terms and conditions.

2.j. copies of loan documents to be executed by you for the credit facility(ies) referred herein, will be provided at your cost, on receipt of a specific request in writing to the undersigned.

2.k. upon availment of credit facility on terms agreed, you have to produce necessary documentary evidence for end-use and facilitate verification by the bank. As and when called for , a certificate from your Auditor regarding end-use of the loan availed should be produced to the bank.

2.l. change if any, in the constitution of your organisation viz Reconstitution of partnership Firm or conversion of Private Limited Company into a Public Limited Company or changes in Constitution / Directors, proposals for merger / takeover etc., should be advised immediately to us in writing. The Bank has the sole discretion to accept or reject such reconstitution / conversion/ changes and until such time, the same will have the right to suspend the operation of the limits and in the event, the bank does not accept / recognise such reconstitution / conversion / changes, the bank will have the right to recall the entire loans, in addition to the right to withdraw the undrawn limits.

2.m. all your borrowal accounts with our branch / bank will be subjected to the application of disclosure norms prescribed by RBI.

2.n. this credit sanction is valid for an availment- period six months from the date of this communication before which the said credit facilities are to be availed . Unless availed within the period of six months, this sanction requires revalidation by the Sanctioning Authority. When the necessity for revalidation arises, you have to submit a written request – letter to the branch furnishing the reasons for the non-availment of credit facilities even after lapse of six months from the date of this communication. Such request for revalidation will be evaluated by the Sanctioning Authority and the validation of availment - period of sanction or otherwise will be communicated to you. It is to be noted that request for revalidation of sanction will be entertained only once.

2.p. your borrowal accounts are subject to the applicability of KYC (Know Your Customer) guidelines in terms of directives from RBI currently in force. We seek your co-operation in furnishing the required personal information / data under the requirements of KYC guidelines as and when the same is sought by us.



2.q.1. In respect of Loan accounts (with Credit Limits of above Rupees Five Lacs) which are renewed with delay, processing charges shall be collected proportionally for the period from the due date of renewal up to the date of actual renewal as per the schedule of charges prescribed.

2.q.2. In addition to the processing charges for the lapsed period, processing charges

shall also be collected for one year from the date of actual renewal.

2.r. The information / data pertaining to all your borrowal accounts shall be furnished to Credit Information Bureau of India Limited (CIBIL) and other Agencies / Authorities, from time to time in terms of mandatory provisions in force.

3. Guarantor/ s is/are advised to take notice that the bank shall have the right to exercise discretion with regard to allowing the loanee to withdraw amount from the loan account over and above the limit sanctioned and the guarantee to be extended shall cover such an eventuality also.

4. This Sanction Advice is being delivered to you in duplicate. Kindly return the duplicate copy of this Sanction Advice duly signed on all pages by you as also by the guarantor/s in token of your acceptance of Credit facility / facilities sanctioned to you on the Terms and Conditions specified herein.

5. You are requested to insure the assets financed by us. As a matter of information, we wish to add that we are Corporate Agent of Universal Sompo General Insurance Co. Ltd to meet your insurance requirements including insurance of the assets financed by us in the instant case against your specific request. However, please note that the responsibility to keep the assets insured will be solely yours and the Bank shall not hold any responsibility what so ever if the assets are not insured.


[Ritesh Kumar Sahu]
Senior Manager


[Suresh Phatnani]
Chief Manager


[D V Ramana]
Deputy General Manager



DETAILS OF CREDIT FACILITY / FACILITIES SANCTIONED

Nature of Facility	Limit [Rs in Crs]	Margin	Rate of interest/ Comm.
Term Loan towards funding expansion and capacity augmentation of existing telecommunications network related to 2G/3G/BWA, Direct-to-Home Services, Operating expenditure and repayment of existing short term facilities Total Debt – Rs.6750 cr (RCOM – Rs.6015 cr & RTL – Rs.735 cr) Our share – Rs. 150 cr (RCOM – Rs. 130 cr & RTL – Rs. 20 cr)	150.00 (Rupees One hundred and fifty crore) Fresh	Min. Asset Cover of 1.10 times	SBI Base Rate + 2.50% (Presently 12.50%)*
*our rate of interest shall not be lower than the rates charged by other Banks. The concession will be allowed only after compliance of all the sanction terms. Rate of interest charged by the Bank shall not be below the Base Rate of our Bank at any point of time.			

Company to ensure that the short term loans/interim disbursements are closed on or before availing the long term loan.

Prime 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 paripassu 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 & 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 immoveable 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
 - a) RCOM over their shareholding in RCIL;
 - b) 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.

Collateral Security: Nil

Guarantee: Nil

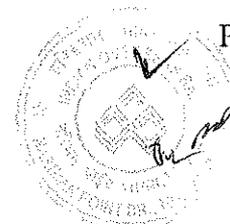
Terms and conditions of Sanction:

Term Sheet

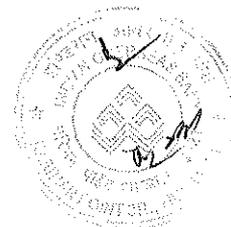
1. Reliance Group:	"Reliance Group" means Mr. Anil Dhirubhai Ambani ("ADA") and his family in a personal capacity and family trusts (in respect of the shares held by such family members or family trusts, only those shares deemed controlled by Mr. Anil Dhirubhai Ambani will be included for the purposes of this definition) or the companies where ADA has at least a 26% stake and the companies that are also controlled directly or indirectly by ADA (together "Reliance Group").
2. Borrower(s) :	Borrower 1 - Reliance Communications Ltd. (RCOM) Borrower 2 - Reliance Telecom Limited (RTL)
3. 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".
4. RCOM Group	Reliance Communications Ltd. (RCOM) along with all its subsidiaries
5. 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.
6. Facility:	A Rupee Term Loan of Rs.6,750 Crore under a consortium arrangement to the Borrower(s) earmarked as under - Rs. 6,015 Cr to Borrower 1 (RCOM) & - Rs. 735 Cr to Borrower 2 (RTL) All terms & conditions mentioned herein shall apply to both term loans of the Facility.
7. 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



8. Facility Amount (IOB Share)	A Rupee Term Loan of Rs 150 Cr (RCOM – Rs. 130 cr & RTL – Rs. 20 cr)			
9. Syndicated Amount	A Rupee Term Loan of Rs 5,125 Cr			
10. Syndicator/ Sole Arranger	SBI Capital Markets Ltd. (SBICAPS) shall be the sole arranger for the Facility			
11. Signing Date:	The date on which the loan documentation for the Facility (the "Facility Agreement") is signed by the parties thereto.			
12. Lenders Base Case	The business plan and financial projections as accepted by the Lenders at the time of sanction.			
13. Validity Period of SBI Facility	<ul style="list-style-type: none"> - The commercial terms shall be valid for a period upto one month from the date of sanction before which Company shall convey their acceptance. - The other sanction terms shall be valid up to a period of three months from the date of sanction before which Facility Agreement shall be executed. 			
14. Availability Period:	For RCOM and RTL: Until 30 th June 2015 Any undrawn amount of the Facility at the end of the Availability Period will be automatically cancelled and will not be available for drawing.			
15. Moratorium	Upto 30 th September 2016			
16. Repayment	Principal Repayment in 14 structured quarterly installments post Moratorium. For both term loans i.e. Rs 6,015 Cr to RCOM and Rs 735 Cr to RTL.			
		Q1	Q2	Q3
	FY 2017	-	-	8%
	FY 2018	8%	8%	8%
	FY 2019	1%	1%	1%
	FY 2020	12%	12%	12%
	The repayment due dates shall be 31 st December, 31 st March, 30 th June and 30 th September in each year.			
17. Door to Door Tenor	5 years and 3 months including a moratorium of 1 year 9 months			
18. Interest Rate on the Facility	<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>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>			



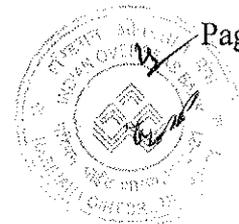
<p>19. Trigger for Re-Pricing of Rate of Interest</p>	<p>Any adverse deviation from the estimated/ projected level in the Lenders Base Case by more than 20%, in respect of any two of the following financial parameters, arrived at from financial results, will entitle the Bank to re-price the loan.</p> <ul style="list-style-type: none"> i. Interest Coverage Ratio ii. Return on Capital Employed iii. TOL/TNW iv. Gross DSCR; However, the same shall not be below 1 at any point of time during the tenor of the Facility. v. Current Ratio <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>
<p>20. Interest Tax, Levies & Duties</p>	<p>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.</p>
<p>21. Commitment Fee</p>	<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>22. 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> <ul style="list-style-type: none"> a. At the instance of the Lenders; b. From the surplus internal accruals generated by the Project with 30 days prior notice period with such prepayment being made once in financial year, c. From proceeds of strategic sale of assets of group entities or equity infusion or securitization of receivables under the Tower Sharing agreement with other telecom operators.



	d. 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						
23. Liquidated damages on defaulted payments	<p>The Borrower(s) shall pay default interest @ 1% p.a. for the period of default on the total outstanding amount</p> <ul style="list-style-type: none"> - in respect of Principal & interest or any other monies due on their respective due dates. - In case of Cross Default to other lenders <p>Arrears of default interest shall carry interest at the applicable Interest Rate till the date of payment of the defaulted amount.</p> <p>However, the total additional interest on account of liquidated damages, non-compliance of various conditions/stipulations shall not exceed 3% p.a.</p>						
24. Security	Refer page No. 2 & 3 under the head prime security						
25. Additional Interest	<p>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.</p>						
26. Stake sale/ Equity infusion	<p>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:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Financial Year</th> <th>(Amount in Cr)</th> </tr> </thead> <tbody> <tr> <td>31st March 2015</td> <td>12,208</td> </tr> <tr> <td>31st March 2016</td> <td>4,200</td> </tr> </tbody> </table> <p>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 on any breach in adherence to the</p>	Financial Year	(Amount in Cr)	31 st March 2015	12,208	31 st March 2016	4,200
Financial Year	(Amount in Cr)						
31 st March 2015	12,208						
31 st March 2016	4,200						



	above schedule, Lenders shall have a right to call an Event of Default.								
27. Debt Reduction Undertaking/ Covenant	<p>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:</p> <table border="1"> <thead> <tr> <th>As on</th> <th>(Amount in Cr)</th> </tr> </thead> <tbody> <tr> <td>31st March 2015</td> <td>32,500</td> </tr> <tr> <td>31st March 2016</td> <td>29,000</td> </tr> <tr> <td>31st March 2017 and thereafter shall not exceed</td> <td>25,500</td> </tr> </tbody> </table> <p>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 on any breach in adherence to the above schedule, Lenders shall have a right to call an Event of Default. (Foreign currency of Gross USD Debt calculated @ Rs. 61)</p>	As on	(Amount in Cr)	31 st March 2015	32,500	31 st March 2016	29,000	31 st March 2017 and thereafter shall not exceed	25,500
As on	(Amount in Cr)								
31 st March 2015	32,500								
31 st March 2016	29,000								
31 st March 2017 and thereafter shall not exceed	25,500								
28. Financing Documentation:	<p>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.</p> <p>Finance Documents shall include the Facility Agreement and other documents designated as such by the Lender and the Borrower(s).</p>								
29. Pre-commitment conditions	<p>The Borrower(s)</p> <ol style="list-style-type: none"> Ties-up the entire debt requirements envisaged in the Facility. 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 Confirms/undertakes that name of none of the directors appears in RBI's/CIBIL's Defaulters' list/ECGC Caution List undertakes that the Obligor Group are in compliance with all matters pertaining to licenses and regulations. 								
30. Conditions Precedent:	<p>Prior to first disbursement under the Facility, the Borrower(s) shall, to the satisfaction of the Lenders, have complied with the following:-</p> <p>(a) All the financing documents pertaining to the Facility (save and except the security documents required to be executed</p>								



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 –

- Consent letters from existing lenders/facility agents granting waiver for non-compliance of financial covenants for Financial Year 2014 and modification in financial covenants on the lines of Financial Covenants of this Facility

- 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. 6,100 Crs in FY'15 (over and above Rs 6,108 Cr infused by way of QIP proceeds and preferential allotment to promoters) and Rs. 4,200 Crs in FY'16 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.

- All approvals including regulatory and shareholder approvals to the extent applicable are in place.

(e) Submission of certified copies of constitutional documents of each of Obligors except RGBV which will be submitted within 3 months from the date of disbursement;

(f) Submission of certified copies of appropriate board resolutions and other corporate authorizations;

(g) 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.

Any disbursement to RTL under the facility shall be made only after creation of "Initial Security"

Also the company shall satisfactorily address the Auditors



	Remarks /Emphasis of Matter in the Audit Report for the year ended 31 st Mar 14.
31. Affirmative Covenants	<p>The Borrower(s) agrees that or shall ensure that (as applicable):-</p> <p>a. Reliance 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. The sole exception shall be Global Cloud Xchange Limited transaction as envisaged in the Lenders Base Case.</p> <p>b. All statutory clearances as applicable shall be obtained and maintained at all times during the tenor of the Facility.</p> <p>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.</p> <p>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 (except RGBV), the same shall also be applicable to the Lenders of the Facility.</p> <p>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.</p> <p>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.</p> <p>g. The Borrower(s) shall not induct into its Board a person whose name appears in the wilful 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.</p> <p>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.</p> <p>i. Borrower(s) shall ensure that all insurable assets and the</p>



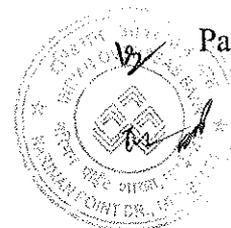
	<p>insurable assets of each other Obligor are fully insured</p> <p>j. Bank shall have the right to convert at its option the whole or part of the defaulted amount of the Loan into fully paid-up equity shares of the Borrower(s), at a mutually acceptable formula (or as per SEBI Regulation), if the Borrower(s) commits a default in payment of interest or repayment resulting into an Event of Default.</p> <p>k. It shall, at all times during the currency of the Facility, comply with the environmental, health, safety and social (EHSS) regulations/requirements.</p> <p>l. The Borrower(s) agrees to offer to the Bank, at least 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.</p> <p>m. Modify/Amend its Memorandum of Association or Articles of Association as per the requirements of the proposed Facility.</p> <p>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).</p>
<p>32. Negative Covenants</p>	<p>The Borrower(s) shall not without prior permission of Lenders –</p> <ol style="list-style-type: none"> 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. Global Cloud Xchange Limited 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. However, refinancing may be permitted provided Debt Reduction Undertaking/Covenant being complied with. 4. Undertake any guarantee obligation on behalf of any other company other than as permitted by the bank and those issued for the benefit of the 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



	<p>undertaking/assets or any part thereof in favour of any financial institution, bank, company, firm or persons other than as per the Lenders Base Case approved by Bank. Charge creation on refinanced debt may be permitted provided Debt Reduction Undertaking/Covenant being complied with.</p> <p>6. Enter into any contractual obligation of a long-term nature or affecting the company financially to a significant extent.</p> <p>7. Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc.</p> <p>8. Undertake any trading activity other than as approved by the lenders.</p> <p>9. Permit any transfer of management control from Reliance Group or make any drastic change in the management set-up.</p> <p>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.</p> <p>11. Repay monies brought in by the promoters/ directors/ principal shareholders/related parties of Reliance Group and their friends and relatives by way of deposits/ loans / advances/sub-debt.</p> <p>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.</p> <p>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.</p>
<p>33. Information Covenants</p>	<p>The Borrower(s) shall</p> <p>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;</p> <p>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.</p> <p>c. Keep the Lenders advised of any circumstances which</p>



	<p>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.</p> <p>d. Notify any events of default or potential events of default, material litigation and other material matters to the Lenders.</p> <p>e. Provide yearly auditor certifications as required by the Lenders incl. that on the revaluation amounts, etc.</p>
34. Undertakings	<p>The Borrower(s) undertakes to:-</p> <p>a) Maintain pari-passu ranking of obligations amongst secured lenders</p> <p>b) Offer to the Lenders any favourable term offered to other lenders to the Obligor Group (except RGBV) except pricing terms.</p> <p>c) provide right of access/site inspections for Lenders throughout the tenor of the Facility</p> <p>d) Arrange for funds for payments required to be made for the following -</p> <ul style="list-style-type: none"> • 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.
35. Financial Covenants	<p>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:-</p> <ol style="list-style-type: none"> 1. Net Worth, shall not be less than Rs. 250,000,000,000 (Rupees Twenty Five thousand crores) for FY 2015 and thereafter; 2. The ratio of Net Debt to EBITDA shall not be more than 5.00 as on 31.03.2015 and 4.00 as on 31.03.2016 and thereafter; 3. The ratio of EBITDA to Interest Expenses shall not be less than 3.00 for FY'15 and 4.00 for FY 16 and thereafter; 4. The ratio of Adjusted EBITDA to Debt Service (Cash DSCR) shall not be less than 1.00 5. Asset Cover Ratio shall not be less than 1.10 <p>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</p>



be done within 120 days from the respective financial year end dates. Testing of Financial Covenants to begin from 31.03.2015. 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 the 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:

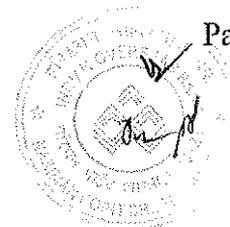
- (a) Tax;
- (b) Interest Expense;
- (c) any exceptional or extraordinary items; and
- (d) amortisation of intangible assets and depreciation of tangible assets

Interest Expense

The aggregate amount of all interest, commissions and fees in respect of moneys borrowed, discounts in respect of bills, notes



	<p>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.</p> <p>Adjusted EBITDA - EBITDA for that Relevant Period</p> <ul style="list-style-type: none"> • 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 2015 <p>Debt Service The sum of: (a) Interest Expense for that period; and (b) that portion of Gross Debt scheduled for repayment in that period;</p> <p>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</p> <p>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.</p>
<p>36. Events of Default:</p>	<p>The Lenders shall have a right to call an Event of Default on occurrence of the following events;</p> <ul style="list-style-type: none"> (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;



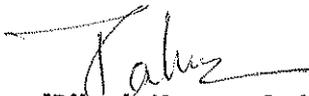
	<p>(i) invalidity/rescission/unlawfulness of a Finance Document;</p> <p>(j) repudiation of the Finance Document;</p> <p>(k) material proceedings and other litigation including court proceedings on license related issues resulting in a Material Adverse Effect;</p> <p>(l) expropriation, nationalization or moratoria;</p> <p>(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</p> <p>(o) cessation of listing of the shares of the RCOM.</p> <p>(p) Failure to comply with license conditions or any revocation thereof</p> <p>(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</p> <p>Besides the loan documents would also incorporate other Events of Default.</p>
37. Consequences of Event of Default	<p>The following inter alia shall be the consequences of Event of Default;</p> <p>a. Acceleration of debt repayment /cancellation of Facility.</p> <p>b. Conversion of debt into equity at a mutually acceptable formula or as per extant SEBI Regulations whichever applicable.</p> <p>c. Appointment of Nominee Directors by the Lenders.</p> <p>d. Enforcement of security</p>
38. Cancellation Clause	<p>The Lenders have a right to unconditionally fully/partially, without notice, cancel the facility –</p> <ul style="list-style-type: none"> ➤ In case the limits/parts of the limits are not utilized by the Borrower(s), and/or ➤ In case of deterioration in the loan accounts in any manner whatsoever, and/or ➤ In case of non-compliance of terms and conditions of sanction
39. 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>
40. Change of	<p>For the purpose of this clause "control" means the power to</p>



Control:	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).
41. Transferability:	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.
42. Governing Law and Jurisdiction	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.
43. Documentation	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.

Others:

1. The company should help the bank in mobilizing savings a/c, insurance business from their staff members.
2. The company should also endeavour to pass on the company's insurance policy business partially through Universal Sompo General Insurance Co Ltd.
3. All the terms and conditions stipulated by the lead bank and other members of the consortium will be applicable Mutatis Mutandis.


[Ritesh Kumar Sahu]
 Senior Manager


[Suresh Phatnani]
 Chief Manager


[D V Ramana]
 Deputy General Manager



ACKNOWLEDGEMENT

Date:

We are thankful to the Bank for providing clarifications sought by us regarding this sanction. We are fully satisfied with and accept the terms and conditions of the sanction of the credit facilities stipulated above by the bank as the same were arrived at by consensus after discussions and receiving clarifications.

BORROWERS

GUARANTORS

Signature of all borrowers

Signature of all guarantors

