



भारतीय स्टेट बैंक
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STATE BANK OF INDIA

PFSBU/TEM-7/RCOM/62412

Companies : Reliance Communications Limited (RCOM), Reliance Infratel Limited (RITL) and Reliance Telecom Limited (RTL)
Place : Conference Room No. 12, Reliance Center, Santacruz, Mumbai
Date : 29.12.2017 **Time**: 3.00 PM

Minutes of Meeting of the Joint Lender's Forum of RCOM, RTL and RITL

Shri Achyuta Panda, DGM, SBI-PFSBU welcomed lenders of RCOM/RITL/RTL. The meeting was scheduled to discuss agenda already circulated.

Company presentation:

- (i) Mr. Suresh Rangachar, (Executive Director, RCOM), updated JLF on Important terms and contours of Binding Financial Bid received from Reliance Jio Infocomm Ltd.(RJIL). He informed JLF that during last fortnight, there were extensive deliberations and negotiations involving Company, Evaluation Committee, SBICAPS, LLC and CCM/ASC for finalization of various conditions of RJIL's Binding Financial Bid as well as clauses of definitive agreement.
- (ii) He further informed JLF that based on the negotiations; definitive agreement was finalized and executed on 28th December, 2017.
- (iii) During course of presentation, he explained following provisions of agreement, which may have impact on lenders :
 1. Separate closings are contemplated for each of the assets prepared to be monetized namely; the MCN Assets, Tower Assets, Optical Fiber Assets and the Wireless Spectrum Assets upon fulfillment of conditions precedent pertaining to the respective assets.
 2. No liabilities other than Deferred Payment Liabilities and BG liabilities in relation to the assets to be transferred to RJIL.
 3. **Long Stop Period of Agreement:** This is a period of one year starting from the date of signing of the Agreement and culminating on the first anniversary date of the date of signing of the Agreement or any further date as may be mutually agreed by the Parties; It was clarified by JSA that this date pertains to closure of deals for each of the assets proposed to be monetized as mentioned in the agreement
 4. **Hold Back Amount:** As per provisions of the Agreement, the Purchaser is entitled to retain an amount equal to 10% of the Purchase consideration. The amount retained would be to meet expenses if any, to set right things and matters which could emerge during the course of a "Long Stop Period".
 5. **Hold Back Period:** As per the provisions of the Agreement, Hold Back Period shall be a period of 1 year from the date of closure of the last asset proposed to be monetized and would carry simple interest @4% p.a.



6. The consideration payable by RJIL can be adjusted against :

- I. Operating expenses incurred by RJIL on behalf of the Sellers from November 1, 2017 onwards. Expenses paid by RJIL on behalf of sellers were in range of Rs.120 crore till December 2017 and expected to be in range of Rs.150 crore over next 5 months.
- II. Sellers' dues to third parties or any liabilities of the Sellers in relation to the assets for the period prior to closing. The company is trying to settle these liabilities prior to closure by entering into one time settlement. The liabilities were expected to be in range of Rs.480 crore.

7. The Sellers' liability to indemnify the Purchaser for losses relating to (i) taxes and representations relating to the title to the assets, and power and authority, are unlimited, and (ii) breach of other warranties or covenants is limited to 100% of the consideration.

- (iv) During course of presentation, one of the lenders sought clarification on treatment of BGs issued for Spectrum. Mr. Rangachar advised that BGs issued for spectrum being sold will be replaced with BGs of the purchaser, as such BGs of around Rs.3,507 crores will retire once the asset sale process is completed.
- (v) On query from one of the lenders on maximum amount of adjustment expected from hold back, he informed that the amount to be in the range of Rs.250-300 crores.
- (vi) SBI sought clarification on issue pertaining to contiguity charges payable to SSTL and its impact on Bid. Mr. Rangachar, advised that the company does not envisage any liability on this count, as TDSAT had already ruled in favour of company and Supreme Court is likely uphold this judgement. However, in an unlikely scenario if case results are adverse, there will be a cash outflow of approx. Rs.4,300 crore, which shall be netted off by RJIL from the proceeds of asset monetisation. He also updated JLF that case is listed for hearing on 12th January 2018.

Status of NCLT cases against the Company.

- (i) Company informed lenders that they have arrived at a resolution with CDB and have signed a term sheet with them. As per the arrangement, CDB has been paid a sum of US\$ 200 Mio and it has agreed to withdraw petition filed by them with NCLT by 5th January 2018.
- (ii) Lenders sought copy of CDB term sheet, as it may impact position of other lenders. In response, the Company informed that due to confidentiality clause in the aforesaid document, same can only be shared with permission of CDB and they will request CDB to permit sharing of this term sheet with lenders.
- (iii) Company also informed that it is engaged with other unsecured creditors for resolution of the NCLT cases filed by them.

During course of meeting, following issues were discussed and deliberated:

- (i) It was discussed and decided to appoint SBI as TRA agent and Escrow Agent for the entire asset monetisation transaction.
- (ii) Industrial and Commercial Bank of China Limited raised an issue that ECB lenders of RITL want priority in payment from the proceeds of monetisation of assets owned by RITL. JLF Lenders



responded to the same by reiterating their earlier stand that asset monetisation proceeds shall be shared among all the lenders of RCOM, RTL and RITL on pro-rata basis as the assets are charged to all the lenders of RCOM, RTL and RITL under obligor and co-obligor structure. Further Mr Anil Ambani, Chairman of the Group indicated in the JLF meeting held on 21/1/22017 that it will be a Zero write off plan to Lenders and no lender need to write off its debt. Hence, no priority of any nature will be given to any specific set of lenders. ICBC did not agree with this view. Mr. Ghosh, SVP, SBICAP informed lenders that considering gap between bid values of top two bidders, it is in the best interest of lenders to resolve the inter-creditor issue and come on board for asset monetisation.

- (iii) Lenders advised company to approach ECB lenders as well as Bond holders and ensure that a NOC for the monetisation process and also for release of charge on the assets be obtained at the earliest.
- (iv) Company requested for waiver of concurrent auditor mechanism.

Post lenders only Session, Company was instructed as under:

- (i) Company to provide lender wise plan for resolution of entire debt and present the same in next JLF/CCM.
- (ii) Company's request for dispensation with concurrent audit mechanism will be examined after 31st March 2018.
- (iii) In absence of latest valuation, Bid values as derived from the bidding process may be considered by lenders as asset value and for other internal purposes, lenders may use values as per latest audited financials.
- (iv) Company's request for withdrawal of enforcement notice issued by some of the lenders was recommended by JLF and concerned lenders also agreed for the same in the light of progress in asset monetisation process.
- (v) Company to give confirmation that there are no clauses in CDB term sheet, which are onerous to other lenders interests.
- (vi) SBI will circulate a modified format for NOC for asset monetisation with the help of Lenders Legal counsel.
- (vii) Regarding the NOC from all lenders for asset monetisation and release of charge on the assets it was agreed that all lenders would try to provide NOC in the prescribed format by 12th January 2018 to expedite asset monetisation process.

Meeting ended with vote of thanks to chair.



