

All domestic & foreign lenders as per
Attendance Sheet

PFSBU/Team-7/R Com/1503
dated 26.09.2017

Dear Sirs,

Borrower(s) : Reliance Communications Limited (Rcom), Reliance Telecom Limited (RTL) &
Reliance Infratel Limited (RITL)
Subject : Minutes of Joint Lender's Forum (JLF) meeting held on 22.09.2017 at State Bank
of India, CAG Branch, Ballard Estate, Fort, Mumbai

With reference to captioned borrowers, we enclose herewith Minutes of Joint Lender's Forum (JLF)
meeting held on 22.09.2017 at State Bank of India, CAG Branch, Ballard Estate, Fort, Mumbai for
your information and record.

Yours faithfully,



Syamprasad Ankala
(Deputy General Manager)

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Meeting minutes of the Joint Lenders Forum (JLF) for Reliance Communications Limited (RCOM), Reliance Telecom Limited (RTL) Reliance Infratel Limited (RITL)

Place : State Bank of India, CAG Branch, Ballard Estate, Fort, Mumbai
Date : 22.09.2017 **Time**: 4.00 P.M.

Shri Syamprasad Ankala, welcomed all the members to the Joint Lenders Forum of RCOM, RTL, & RITL. All the lenders confirmed the minutes of JLF meeting dated 23.08.2017 for Reliance Communications Limited (Standalone), Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL). The agenda of the meeting was as follows:

Approval for Sale of 2 offices, 15 properties housing Media Convergence Nodes (MCN) to Reliance Jio and the use the proceeds to part pay Ericsson dues as recommended by Lenders of core committee of RCOM, RITL and RTL vide their meeting dated 05.08.2017

Shri Syamprasad Ankala invited Shri Punit Garg President, Reliance Communications Group to update the lenders on events post the last JLF meeting

a) Update on Events

- i. The Company informed that Ericsson had served termination notice for its services to RCOM Group on September 11, 2017 and had approached NCLT on 13 September 2017 for Insolvency proceedings against RCOM Group for material breach of contracts on non-payment of dues amounting to ~Rs. 1,100 Crore.
- ii. Shri Punit informed the Lenders that the company has been making a monthly payment of Rs. 65 crore in June, July and August 2017 to Ericsson and was honouring the first part of its agreement to Ericsson for settlement of its dues. To honour the second part, it sought the JLF approval for sale of its 2 offices, 15 properties housing Media Convergence Nodes (MCN) to Reliance Jio for Rs. 125 crore and use the proceeds to part pay Ericsson dues.
- iii. The Company had contracted Ericsson in 2013 for Managed Services which till then the company has been operating in house. This was done in order to make additional time for the management to focus on the core operations of the company.
- iv. The Company had transferred about 8,000 of its employees and software/tools to Ericsson to facilitate the outsourcing of Manged Services.
- v. Post the termination of services from Ericsson, RCOM was set to bring back a part of its 8,000 employees and the software/tools in order to manage the services which was outsourced.
- vi. The Company also informed that as Ericsson had stated operating on Enhanced software/tools, the Company endeavoured through third party service providers to procure these enhanced software/tools. With this procurement, the Company is expected to be fully prepared to manage the operations on its own.



- vii. The JLF wanted to know:
- If RCOM would face technological mismatch between 2013 and 2017 in terms of global tools/software used for such services? RCOM responded that it acknowledged that there existed a technological gap. However, it would bridge the gap in about 6 months using cloud based tools/solutions which are now available and by deploying additional 30-40 employees per NOC (Network Operating Center) to bridge this gap and operate at an efficiency of about 98%-99%.
 - What would be the impact/2 biggest challenges for RCOM for this transition? RCOM responded that 1. The reduction of management time/bandwidth on its core operations and 2. The actual transition process from Ericsson to RCOM would be the challenges.
 - What was the salary overdue for its employees? The Company responded that there were no dues in the current structure which was initiated in June 2017 wherein employees earning the least were paid first followed by employees earning more. The top management was to be paid at the end of the next month and there were no dues on the payment to the employees.
 - The impact on the monthly cost due to this transition? RCOM replied that it paid Rs. 62.5 crore monthly to Ericsson and was expecting an increase of ~10%-15% on this cost when the services would be managed in house. However, the Company would try to curtail this cost to present levels and lower it if possible.
- viii. The Company informed the JLF that it had initiated discussions with Ericsson to withdraw its insolvency petition to NCLT and was able to reach a situation wherein Ericsson would take a decision on the withdrawal of its Insolvency petition based on the Minutes of the Meeting of the JLF authorising the sale of MCN related assets to part pay the dues as agreed between RCOM and Ericsson.
- ix. Lenders inquired what mechanism was available to safeguard Ericsson from taking further judicial/legal action against RCOM even after the part payment of Rs. 125 crore? The Company informed the JLF that it had submitted the 6 conditions precedent decided by the JLF on its meeting dated 23.08.2017 on Ericsson and would only make the payment post the Memorandum of Settlement was signed between the Company and Ericsson which included these 6 conditions precedent.
- x. The Lenders wanted the details pertaining to other insolvency petitions initiated by other operation/ financial creditors. The Company informed that Ericsson was the only major operational creditor. There were 2 other operational creditors (Manipal Technologies, Smart Phone Limited) who had filed the Insolvency Petition in the NCLT. However, as per the Company, the petition filed by Manipal Technology was rejected for admission by the NCLT and the petition filed by Smart Phone Limited is due to be heard on 25.09.2017 and as advised by the Company's legal counsel, the same is expected to be rejected for admission by the NCLT.

b) In the Lenders' only session, the following points were discussed

- i. The sanctity of using only Rs. 125 crore to part repay Ericsson to which it was informed that this amount was arrived basis the dues to Ericsson for the months of April 2017 and May 2017 (Rs. 62.5 crore each)



- ii. One of the lenders inquired about the status and update of the SDR. SBI, the Convenor of the JLF informed that the next steps of the SDR would be decided on the basis of the outcome of the proposed merger of RCOM's wireless business into Aircel and sale of RCOM's tower assets to Brookfield. As the next NCLT hearing for these scheme(s) is scheduled on 11.10.2017, there would be clarity for the lenders to take the next steps for the SDR based on the outcome of the NCLT hearing. SBI informed the JLF that EY (the Lenders Market & Technical Consultant (LMTC)) for Rest of RCOM was yet to submit its report and had informed SBI that it awaited key information required for its analysis from RCOM.
- iii. One of the lenders wanted to know if the SDR process could continue if Insolvency proceedings were initiated against the company. It was discussed that the Committee of Creditors formed from the Insolvency proceedings could adopt the SDR process as the Resolution Plan for the Insolvency proceedings.
- iv. Lenders advised the JLF to take an LLC opinion for the following
- How the outstanding amount of Yes bank (Rs. 373 crore on reference date) had reduced to nil and
 - How Standard Chartered Bank was exercising its right to set off its dues from the collection amount received in company's accounts instead of sharing the same on pari-passu basis with all the lenders as per spirit of JLF and the JLF agreement it has signed along with all the lenders.
- v. The lenders requested that the voting for invocation of sale of MCN properties to Reliance Jio should take place on an individual company basis as against for RCOM on a consolidated basis. Based on this request, there were 3 rounds of voting which took place for Reliance Communications Limited (RCOM), Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) respectively.

The results of the voting were as follows:

Company	Percentage Approved by Value	Percentage Approved by Number	Mandate to Sale of MCN
RCOM	78.27%	66.67%	YES
RTL	33.37%	62.50%	NO
RITL	100.00%	100.00%	YES

Some of the lenders were not having the mandate to participate in the voting. Since the motion for Approval for Sale of properties housing Media Convergence Nodes (MCN) to Reliance Jio failed in the absence of requisite majority of 60%, members present & voting, it was decided that company shall approach the Lenders afresh with its request and if need arises the Lenders may once again meet on 25.09.2017 to decide on the matter.



c) Other discussion

- i. One of the lenders enquired whether the Scheme for sale of tower assets to Brookfield will be applicable if the Scheme of merger of RCOM's wireless business into Aircel gets delayed and whether the scheme is still applicable/effective as on date. The company informed the JLF that the Merger of RCOM's wireless business into Aircel is a condition precedent for the sale of tower assets to Brookfield. The original cut-off date of the Tower Scheme was June 2017, however the same has been extended.
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- ii. Lenders enquired how the outstanding amount of Yes bank (Rs. 373 crore on reference date) had reduced to nil. The company responded that it will come back on the same.
- iii. Yes Bank informed that it had provided a Bank Guarantee for Rs. 390 crore to DoT for the payment of spectrum to be acquired by RCOM from the SSSL transaction. Further, Yes Bank requested the JLF to place the spectrum payment at par with statutory dues to the government and on priority in the waterfall mechanism of the TRA. Lenders responded that the company in its presentation to the JLF dated 07.07.2017 informed that, the cash flows to be received from the ICR arrangement, if any, with Reliance Jio shall be utilised for the purpose of DoT payments.
- iv. Status of SSSL merger into RCOM - The Company informed that DoT had placed some objections with respect to the BG provided by SSSL and had demanded certain modifications to the BG. However, as per the order dated 21.09.2017 by TDSAT, directed DoT to issue its NOC for the merger within 14 days (5th October 2017).

The meeting ended with vote-of-thanks.

