

All lenders of
Reliance Communications Ltd (RCOM) and
Reliance Infratel Ltd. (RITL)
Reliance Telecom Limited (RTL)

PFSBU/Team-7/R Com/300
Dated 07/05/2018

Sir/Madam,

Borrower	:	Reliance Communications Ltd. (RCOM) Reliance Telecom Ltd. (RTL) Reliance Infratel Ltd. (RITL)
Subject	:	Minutes of the meeting held on 27 th April 2018 (Friday) at 11:30 AM at Ballroom, Taj Gateway, Apollo Bunder, Opposite Gateway of India, Mumbai

We enclose herewith minutes of the meetings held on 27th April 2018 (Friday) at above mentioned location for your information and record.

Yours faithfully,


R. Sreenivasulu
(Asst. General Manager)

Encl. a. a.

Minutes of the Meeting Held on 27.04.18 at 11:30 PM at Ballroom, Taj Gateway, Apollo Bunder, Opposite Gateway of India, Mumbai

Shri R Sreenivasulu, AGM, SBI-PFSBU welcomed all lenders of RCom/RITL/RTL. Mr. Sreenivasulu invited Shri Punit Garg, Executive Director, RCOM to update on the latest agenda.

Lenders were informed that the Hon'ble Supreme Court vide its order dated 25.04.18 has directed R Com to pay the deferred spectrum liabilities of Rs. 774 Cr to DoT by 02.05.18. Further, company has submitted that RJio has insisted for execution of Sale deeds for MCNs and also registration of the same in Jio's name for enabling it to make the advance payment.

Hence, to affect the said payment to DoT by 02.05.18, R Com sought urgent approval of lenders for receipt of advance payment from RJio against the MCN consideration of INR 2,000 crore, subject to the following conditions:

- a) Lenders to agree to set off this advance from the MCN consideration of INR 2,000 Cr (agreed as per the lenders' meeting on April 23, 2018).
- b) Lenders to issue consent
 - i.) for the sale of the MCN assets and
 - ii.) for the release of charge over the MCN assets against receipt of consideration by RCOM;
- c) Basis such consent, the execution of the MCN Asset Transfer Agreement and the MCN Escrow Agreement;
- d) Commencement of the execution and registration of sale deeds/lease deeds for the transfer of the MCN land; and
- e) Execution of an amendment letter to the master agreement already executed on December 28, 2017 ("**Master Agreement**").

Company also briefed the lenders on the following points:

- a) Of the total DPL of INR 774 crore due for immediate payment, INR 239 Cr. part of the DPL is for the spectrum currently being shared with RJIO the ownership of which lies with RCOM. The remaining DPL liability of INR 535 Cr. is towards part of the spectrum currently being sold to RJIO.
- b) Of the total amount of INR 2,000 crore towards consideration for the MCNs, the following amounts would be netted off by RJIO:

- i.) INR 774 CR – Advance paid by RJIO towards the DPL
- ii.) INR 289 Cr - Amount for all opex incurred by RJIO on behalf of RCOM, towards spectrum, fibre and towers of around from 1st November, 2017 till 31st March 2018. As per the Master Services Agreement executed on 28th December, 2017, this amount is to be adjusted against payments made by RJIO towards the purchase of any of the assets being bought over by RJIO. SBI questioned the Company as to whether the said amount of Rs. 280 Cr was vetted by the concurrent auditor. To this, Mr. Garg confirmed that every payment done in this regard is vetted by the concurrent auditor and the amount is also routed through the SBI TRA account.
- iii.) INR 82 Cr – RCOM's share of transfer costs (50% of the total transfer cost of INR 164 cr.)
- iv.) INR 20 Crore – TDS @ 1% of INR 2,000 Cr.
INR 200 Cr – 10% of the Hold Back Amount of the MCN Sale Proceeds of Rs 2000 Cr.



- c) On this basis, the amount immediately available for appropriation to the lenders would Be Approx. Rs. 635 Cr. The Hold Back Amount of Rs 200 Cr would be released after a year post the entire asset sale.
- d) Further, lenders will get the Rs. 535 cr from RJio along with the spectrum sale proceeds at the time of receipt of spectrum sale proceeds.
- e) SBI proposed to obtain an undertaking from the company to ensure that the amount of Rs.239 cr being deducted by RJio from MCN Asset Sale need to be compensated to lenders.
- f) Lenders also requested the Company to expedite the monetization of this spectrum (26.4 MHz Spectrum which is on sharing basis with R Jio) to R Jio as lenders would be parting funds to the extent of Rs. 239 Cr towards meeting deferred spectrum liability of this non-sale spectrum.
- g) Company agreed to execute an Undertaking to be drafted by LLC in consultation with SBI for payment of Rs.239 cr and also the remaining proceeds of the transaction for this non-saleable spectrum through which the entire amount shall flow to the lenders.

Presentation by J Sagar and Associates on status of MCN Sale

- a) JSA in their presentation (copy enclosed) walked the lenders through the documents/letters required to be executed for enabling R Jio make the advance payment of Rs. 774 Cr.
 - i.) **Amendment Letter:** This letter is to be executed by Company, R Jio and SBI on behalf of lenders with reference to Master Agreement dated 28.12.17 executed between R Jio and Company). The purpose of this Amendment Letter is to set the terms of advance payment to R Jio.
 - ii.) MCN asset transfer agreement (**MCN ATA**) – between RJio and RCOM
 - iii.) **MCN Escrow Agreement** between RJio, RCOM, the escrow agent (to be decided) and SBI as representative of the lenders
 - iv.) Sale deeds/lease deeds – for transfer of rights over immoveable property (**MCN Sites**)
- b) The modalities of the payments were also described to the lenders. Post the presentation by JSA, the status of the NOC from all lenders was discussed as follows:
- c) The company updated the lenders on the pending NOC from the different banks with their current status as follows:

Lender	NOC Status
Bank of Baroda	Board approval received; NOC to be issued shortly.
Indian Overseas Bank	Bank representative to update by end of today.
IDBI Bank	Requested clarity on the process of sharing of the proceeds. The same was addressed during the meeting and therefore the NOC would be issued shortly.
Axis Bank	NOC to be issued shortly.
UCO Bank	NOC to be issued shortly
Barclays	Requested for certain clarifications which were provided. The NOC would be issued shortly.
CDB	To issue NOC shortly
HSBC	NOC to be issued shortly.
Credit Agricole	NOC to be issued shortly.
Ahil United	NOC expected by Sunday.

SBI stressed the importance and utmost urgency of all NOCs to be received in the format as issued by the Legal Counsel at the earliest. All the Lenders were requested to ensure that their respective NOCs were

issued in the prescribed format latest by 1st May, 2018 so that all the necessary documents for effecting the MCN Transaction could be executed by 2nd May, 2018. It was clarified to all lenders that the NOCs were a CP for executing the documents.

Other Requests of the company

Mr Punit Garg put forward few more proposals as follows:

- a) The RITL ECB lenders have suggested that the method of settlement of the Proceeds that was to be parked in the escrow account (difference between pro rata and Priority payments), would be settled by a sole arbitrator. A few names viz., Retd. Justice Aftab Alam, Justice Deepak Verma and Retd. Justice CK Prasad were proposed by the company in the meeting.
- b) Mr Garg also requested the lenders to authorize the LLC to draft Term of Reference for appointment of the Arbitrator, and the Escrow Agreement which could be circulated among the lenders.
- c) THE company also requested the lenders to permit them to initiate an out of court settlement with the RITL minority shareholders and limit the potential payout to these shareholders to INR 350 Cr. Lenders advised the Company to start negotiations though no limit was agreed to.
- d) On the Arbitration proposal, SBI replied to the company that the same would be discussed internally and a suitable communication will be sent to all lenders in due course.

Miscellaneous Discussion:

- a) SBI asked a specific query on whether any spectrum has already been transferred to R Jio by R Com, other than 122.4 MHz of spectrum to be sold to R Jio as per Master agreement dated 28.12.17.
- b) To this, Mr. Garg responded that R Com had applied for liberalization of certain administered spectrum as per DoT guidelines of Sept-15 at a cost of ~Rs. 7,000 Cr. He further clarified that this cost was financed through partially trading of this liberalised spectrum with R Jio.
- c) SBI further enquired for the quantum of spectrum liberalized in Jan 2016 and quantum of spectrum that was traded and shared with R Jio in Jan-16. Mr. Garg promised to respond by email after verifying internally.
- d) However, it was confirmed that R Com has a sharing agreement to share 26.25 MHz of spectrum held by R Com in the 850 MHz bandwidth.
- e) SBI asked for Company's estimate on the value of this spectrum, to which Mr. Garg estimated a value of approx. Rs. 2200 Cr. SBI asked the basis of this estimate and possibility of monetization of this spectrum to R Jio.
- f) Mr. Garg clarified that R Com has executed an option agreement with R Jio which envisaged the basis and formula for calculation of this spectrum on a given date. As submitted above, company replied that it is envisaging appropriate additional transaction for non-sale spectrum through which the entire amount shall flow to the lenders.



Conclusions:

- a) All lenders who have not yet issued the NOC as per the format shared by LLC were requested either to issue NOC for all the assets immediately. It was also clarified to the lenders that any conditional NOC may not be found acceptable by RJio since Unconditional NOC is a CP for any sale transaction with RJio. Company has been advised to follow up with the respective lender and obtain NOC latest by 01st May from all the lenders to facilitate RJio to make the advance to Rcom for onward payment to DoT.
- b) Company to provide a suitable undertaking drafted by LLC in consultation with SBI to compensate Rs.239 cr to lenders and also to monetise the shared spectrum with RJio (26.4 MHz Spectrum which is on sharing basis with R Jio) at the immediate opportunity.
- c) SBI will examine the request of the company on the Arbitration proposal and convey its views.
- d) Company to appraise the lenders periodically on the status of various cases pending against the company including the dispute with PE players.

