

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

PFSBU/Team-7/R Com/509  
Dated 25/05/2018

Sir/Madam,

<b>Borrower</b>	:	<b>Reliance Communications Ltd. (RCOM)</b> <b>Reliance Telecom Ltd. (RTL)</b> <b>Reliance Infratel Ltd. (RITL)</b>
<b>Subject</b>	:	Minutes of the meeting held on 23 <sup>rd</sup> May 2018 (Wednesday) at 4:00 PM 18 <sup>th</sup> Floor, SBI Bhavan, Nariman Point, Mumbai.

We enclose herewith minutes of the meetings held on 23<sup>rd</sup> May 2018 (Wednesday) at above mentioned location for your information and record.

Yours faithfully,

  
Achyuta Panda  
(Dy. General Manager)

Encl. a. a.

**Minutes of the meeting held on 23<sup>rd</sup> May 2018 (Wednesday) at 4:00 PM 18<sup>th</sup> Floor, SBI Bhavan, Nariman Point, Mumbai**

Shri Punit Garg, Executive Director, RCOM welcomed all Lenders of RCOM/RITL/RTL and invited Chairman, SBI to chair the meeting. The meeting was attended by top executives representing lenders of RCOM/RTL/RITL and senior executives of the Company including the erstwhile Chairman of R Com Group, Mr. Anil D. Ambani.

Shri Garg briefed lenders that NCLT has admitted Ericsson's insolvency petition against RCOM, RTL and RITL on 15<sup>th</sup> May 2018. Accordingly, Interim Resolution Professionals have been appointed by NCLT for each of the company and board of these companies stands dissolved.

**A) Reinstatement of Spectrum BG's of Rs 774 Cr for the protection of Spectrum Value of Rs. 7,300 Cr**

Mr. Garg appraised that 5 BG lenders have paid Rs. 908 Cr in 3<sup>rd</sup> week of May to DoT due to invocation of BGs by DoT as Company defaulted in meeting deferred spectrum liability of Rs. 774 Cr due on 19.04.18.

Subsequent to admission under IBC code on 15<sup>th</sup> May 2018, DoT further invoked BGs and SBI paid Rs. 280 Cr towards this invocation. However, it was also informed that TDSAT has put a stay on invocation of BG and same has to be refunded to SBI by DoT in due course. Mr. Garg appraised the lenders that if these BG are not replenished, DoT may cancel the entire spectrum.

In the interest of protecting valuable asset of spectrum, the need for reinstatement of the invoked BGs to the extent of Rs. 774 Cr was further discussed. It was discussed and agreed that Rs. 774 Cr of MCN proceeds be parked with these lenders towards reimbursement of their invoked BG amounts to enable issuance of fresh BG in favor of DoT.

One of the lender asked whether this cash margin can be shared with all lenders post falling off of replenished BG of Rs. 774 Cr. To this Mr. Sundar, CGM-SBI clarified that the Spectrum BG liability was never part of the debt pool and hence amount paid by 5 lenders under BG invocation have to be made good to restore the status quo.

The Chairman asked the Company, whether the BG of Rs. 774 Cr can be arranged by R Jio to which Mr. Ambani assured to explore this option which may be acceptable to DoT with tripartite arrangement among Rcom, R Jio and DoT.

**B) IBC Vs outside IBC Resolution**

Due to connected person clause under section 29A of IBC Code, RJio, the highest bidder, may not be able to participate in the bid under IBC proceedings thereby might reduce the realizable value of the assets substantially. The same was confirmed by the LLC during the meeting. Further due to nature of assets, there are not many buyers for the assets, which would lead to significant erosion in the value of assets.

Considering above, Lenders unanimously agreed that resolution outside IBC is the best available option for the lenders. Therefore, Lenders consented for Company's plan for out of court settlement with various parties to enable withdrawal from NCLT IBC process.

**C) Out of Court Settlement with Ericsson, HSBC Daisy and others**

Mr Anil D. Ambani, Chairman, R Com briefed the lenders about ongoing out of court settlements with Ericsson and RITL minority shareholders and other operational creditors. Claim and settlement amount are as under:

(Rs. In Cr.)



Name of Party	Claim Amount	Settlement Amount	Write off
Ericsson	1,677	550	66%
RITL Minority Shareholders	US\$ 300 Mn. i.e. Rs. 2, 055 Cr (Exchange rate of Rs. 68.40)	230	89%
	<b>Total</b>	<b>780</b>	

Post deliberation and suggestion of Chairman SBI, Mr. Ambani informed that irrevocable guarantees requested by company for settlement of Ericsson and minority shareholders of RITL shall be collateralized by RCOM through RJIO against sale proceeds of shared spectrum. Shri Anil Ambani informed that they have tied up with RJIO for addressing the issue and hence the lenders need not issue any guarantee for aforesaid settlement.

Mr. Ambani further briefed that Company has also settled most of the 43 other cases at NCLT and binding agreements to that effect has been executed. SBI Chairman conveyed that future claims by any other opex creditor shall be settled by Company from own sources and lenders will not permit any further deduction from sale proceeds. Mr. Ambani agreed to adhere to the directions made by convener.

#### **D) Shared Spectrum**

Company has executed Master Agreement in Dec-17 with RJio for sale of 122 MHz of spectrum for consideration of Rs. 7,300 Cr. Over and above this, Company also has 66.25 MHz of Spectrum in 800 MHz band under sharing agreement with R Jio in various circles. Mr. Ambani informed that company is in discussion with RJIO for sale of this 66.25 MHz shared spectrum for a consideration of ~Rs.975 Cr, which will be utilized towards aforesaid settlements without recourse to asset monetisation proceeds.

Few lenders raised the question if the same can be sold under bid rather than selling it to R Jio. To this company responded that there are only few telecom players in the market and considering the residual life of this spectrum and appetite of existing telecom players, it may not fetch even this amount from the market.

Lenders consented for monetization of shared spectrum for Rs. 975 Cr to enable the Company to come out of IBC proceedings.

#### **E) Residual Debt**

The Company presented following resolution for its estimated debt of Rs. 44,330 Cr :

Existing Debt as on 15.05.18		44,330
Less: BG to fall off (including Margin)		3,264
<b>Net Debt to be addressed</b>		<b>41,066</b>
Resolution of above debt		
Asset Monetization Proceeds		16,392
Debt Transfer to Chinese Banks backed by DAKC Project		7,659
CCPS (proposed to be issued as equity instead of conversion )		1,700
Sustainable Debt (approx.)		4,000
GCX Bond	2,400	
R Com Bond	1,150	
<b>Balance</b>	<b>491</b>	
CRPS		10,434
NFB residual debt		882
<b>Total</b>		<b>41,066</b>



Mr. Ambani asserted that out of the balance sustainable debt of Rs. 491 Cr; Rs. 432 cr. Pertain to 26 domestic lenders and Rs. 59 cr pertain to 8 foreign lenders. He proposed that if this entire amount is converted into CRPS, then there will not be any requirement of carrying Independent Credit evaluation and rating by CRA. He further stated that part of CRPS will be redeemed from sale proceeds of Rest of RCOM, thereby reducing exposure of the lenders. Mr. Ambani also proposed to shift balance BGs to Reliance Capital to further reduce their exposure on Rcom.

Considering the fact that there is change in position previously submitted to lenders, Lender parked this matter along with the Company's request for waiver of accrued interest for deliberation in ensuing meetings.

#### **F) CRA for residual Debt**

Lenders were appraised that ICRA and CARE are ineligible to accept the ICE mandate for the Company as they carried an investment grade rating (BBB-) during a period of one year prior to the date of default i.e. 02.06.2018. Therefore, it was agreed that residual debt if any must be rated by agency other than the two entities mentioned above.

**G) Lenders only session:** After deliberations on Company's request in lenders only session, the Company was informed as under:

- Lenders by and large are in favor of continuing outside IBC in view of protection of value of the assets.
- It was decided that all lenders will execute ICA by Friday 25<sup>th</sup> May 2018. Mr. Soumitro Majumdar, Partner, JS law mentioned that all lenders must send scanned copy of executed ICA by 25.05.18 while original executed ICA may be sent to LLC by courier.
- It was deliberated that 6 lenders have not given NOC while 7 lenders have given conditional NOC which is not acceptable to R Jio thereby jeopardizing the entire monetization process. Because of it, lenders are on the verge of losing spectrum proceeds of Rs. 7,300 Cr to be realized from Spectrum proceeds.
- Separate NOC's for each asset class has been required by RJIO. Mr. Shriram, MD, SBI suggested for logistical ease that all of these NOC's can be combined in one format. However, given that the formats of the NOC's have already been circulated to the lenders by the Company, the matter was not discussed any further, and it was agreed to proceed with the issuance of separate NOC's for each asset class.
- In the best interest of time and considering passage of more than 5 months from R Jio Master Agreement, the representatives of said lenders were asked to issue their NOC for entire six packages of assets (MCN, Spectrum, Tower, Fiber, Shared Spectrum and DAKC project) latest by 25.05.18 (Friday). However, considering holiday of Gulf Banks, these lenders were permitted time till 27.05.18 (Sunday).
- The Chairman also asserted that it is high time that lenders agree for pari passu sharing of sale proceeds else lenders may have to face severe hair cut under IBC. Lenders were advised to issue NOC to that effect by 25.05.18.
- The matter on the bank guarantees given by certain banks to DoT which has been encashed was also discussed. The lenders initially suggested that those Banks which had given these BGs should receive priority payment from the asset monetization proceeds. The company was requested to convince RJIO to consider replenishment of these BGs as they would eventually be the owner of the spectrum in case the asset monetization went ahead.
- Lenders advised company to expedite the asset monetization process with a view of closure of asset monetization by 15<sup>th</sup> June 2018.

The meeting ended with vote of thanks to the chair.

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