

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

SARG/GM3 Others/R Com/
Dated 18/08/2018

Sir/Madam,

Borrower : Reliance Communications Ltd. (RCOM)
Reliance Telecom Ltd. (RTL)
Reliance Infratel Ltd. (RITL)

Subject : Minutes of the meeting held on 16th August, 2018 (Thursday) at 4:00 PM at Conference Room, State Bank of India, CAG branch, Neville House, J.N. Heredia Marg, Ballard Estate, Fort, Mumbai, 400 001

We enclose minutes of the Lender's meeting held on 16th August 2018 (Thursday) for your information and record.

Yours faithfully,


(Padmakumar Nair)
General Manager



Encl. a. a.

Companies : Reliance Communications Limited (RCOM), Reliance Infratel Limited (RITL) and Reliance Telecom Limited (RTL)

Place : Conference Room, State Bank of India, CAG branch, Neville House, J.N. Heredia Marg, Ballard Estate, Fort, Mumbai, 400 001

Date : 16.08.2018

Time: 4:00 PM

Minutes of Meeting of the Joint Lender's Forum (JLF) to Reliance Communications Limited (RCOM), Reliance Telecom Limited (RTL), Reliance Infratel Limited (RITL)

- i. Shri Padmakumar Nair, General Manager (SARG), SBI welcomed the members of JLF of RCOM/RITL/RTL. He urged lenders to expedite approval of Monetisation & Resolution Plan (MRP) to catch deadline of 27th August 2018. Meeting started with confirmation of minutes of the last Lenders meeting held of 2nd July 2018.
- ii. The Company was called upon to make brief presentation their (MRP).
- iii. Shri Punit Garg, Executive Director, RCOM thanked lenders for their support on saving Spectrum by providing Bank Guarantee to DoT. He then walked lenders through the Company presentation (copy enclosed for ready reference), which covered following:
 - (a) Brief on Revised Monetisation and Resolution Plan (MRP) submitted by the Company on 10th August 2018,
 - (b) Arbitration for Pro-rata or Priority payment for RITL ECB lenders
 - (c) Reliance Realty Limited
 - (d) RCOM Bond Restructuring
- iv. Company briefed that for computation of Debt outstanding for MRP, they have excluded GCX and RGBV debt, as same is parked in entities abroad and is being treated separately.
- v. Company also urged lenders to participate more in the CCPS, which are more liquid as compared to CRPS, which are proposed to be redeemed after 20 years.
- vi. Post Company presentation, lenders sought clarifications on various aspects of MRP, important queries and deliberations thereon have been summarized as under :

(a) Status of transaction with Brookfield for sale of it's real estate at Delhi and Chennai :

RCOM informed that said deal is pending for some approvals from Urban planning Department and they will be able to close said deal with one month from date of approval. In the meanwhile, amount representing proceeds from Brookfield deal, which shall be redeemed post closure from Brookfield.



(b) CRPS redemption timelines:

Company informed lenders as under :

CRPS-1 representing holdback amount will be redeemed out of release of holdback by RJIL, which is governed by Definitive Agreement entered in December 2017. As per said agreement, release of holdback will be one year after closure of last asset.

CRPS-2 representing Spectrum proceeds are expected within 45 days post SC judgment on Contiguity matter, which is likely to be heard in first week of September 2018. According to company estimates, proceeds from Spectrum sale will be received by 31st October 2018.

CRPS-3 representing sale of New RCOM are expected 1 year down the line from implementation of MRP.

CRPS-4 along with balance outstanding from CRPS-1 to 3 will be redeemed at the end of 20th year from allotment.

(c) CRPS – Impact in IBC scenario :

Lenders sought clarification on the aspect that post conversion of Debt into CRPS, their exposure will rank below operational and unsecured Creditors, which exposes them to risk in case RCOM is admitted under IBC.

Shri Garg informed that they have worked out a roadmap for settlement of operational creditor dues. This settlement will be funded out of Shared spectrum monetization proceeds and they do not expect such scenario. However, in case company is admitted under IBC, CRPS/CCPS holders will not have status of Financial Creditors.

(d) CRPS – Redemption in case of loss :

Lenders also sought clarification on method of redemption of CRPS from proceeds of sale in absence of profits, which will be contravention to Companies Act.

Company informed that they will pay lenders out of cash available and Subscription agreement will have enabling clauses for the same, thereafter CRPS will be reduced to the extent of cash payment out of proceeds through Capital reduction.

LLC opined that any redemption of Preference shares has to be out of profits and so far as Capital reduction route is concerned, same will require NCLT clearance.

Lenders sought an explanatory note on the same from the Company.



(e) **CRPS – Security :**

On query from lenders, LLC clarified that CRPS cannot be secured. Though the subscription agreement can have clauses for cash payout in certain event, secured CRPS does not have a precedence.

- vii. Company explained that as a part of MRP, share of Chinese syndicate in monetisation proceeds along with pro rata share in holdback shall be parked in Reliance Realty and same will be paid along with payment to CRPS-1 and CRPS-2 respectively. They further explained that Chinese Syndicate will not be taking part in CCPS and CRPS.
- viii. On query regarding assets of RCIL who is part of obligor group, company informed that RCIL has 2-3 assets, which are being sold as part of MCN package.
- ix. IIFCL informed that due to their mandate, they are not able to take up equity/equity like instruments. Matter was discussed in the meeting and the Company was advised to settle the matter bilaterally with IIFCL in line with Chinese Debt.
- x. Update on Arbitration process:
- Company informed lenders that though 4 out of 5 RITL lenders are on board for Arbitration, VTB is yet to give their concurrence for the same and they are expecting their reply soon.
 - J Sagar Associates being LLC to all lenders, recused themselves from representing any side of the Arbitration.
 - SBI informed lenders that they would like to pursue their priority claim in line with RITL ECB lenders in the Arbitration process.
 - LLC informed that they are in receipt of communication from Mahimna Mercantile Credits Ltd. seeking priority claim on RITL asset monetization proceeds.
 - It was decided that all parties to Arbitration i.e. Lenders seeking Pro-rata payment, RITL ECB, SBI and Mahimna Mercantile Credits Ltd. shall appoint their lawyers to represent themselves in Arbitration.
 - LIC, BOB and Syndicate Bank have been asked to indicate their willingness to take the lead as representative of the Pro-rata set of lenders in RITL in the arbitration process.
 - It was agreed to constitute a single member Arbitration Panel and names of 3 potential arbitrators were discussed viz. Justice C K Prasad (Retd. Justice Supreme Court), Justice Aftab Alam (Retd. Justice Supreme Court) and Justice Deepak Verma (Retd. Justice Supreme Court). After deliberations lenders agreed to appoint Justice C K Prasad as the Sole Arbitrator.
 - LLC was advised to facilitate arbitration as under :
 - Drafting and finalizing Arbitration agreement



- o Facilitate issue of Appointment letter of Justice C K Prasad as sole Arbitrator

xi. Post Lenders only session, Company was briefed as under :

- All lenders in principle agreed to put up the Company's MRP to respective sanctioning authorities.
- Lenders to consider conversion of promoter group unsecured loans into CCPS subject to accrued interest of all lenders is also converted into CCPS.
- All the above instruments will have to be subscribed to before August 27, 2018 considering that the RBI Circular dated 12th February 2018 stipulates that the Resolution Plan will have to be in place within 180 days from March 1, 2018 if the Company is in default.
- As per the opinion taken from LLC, the Company may not be allowed to offer the CRPS/ CCPS instruments to Lenders considering that the shareholder approval for such offer has not been taken. The notice period for such approval from Lenders is 30 days which will go beyond August 27, 2018.
- Company has proposed that such conversion amount should be considered as advance against share application money. However, such advance may be considered as unsecured loan and not equity/quasi equity instrument leading to requirement of RP4 rating for this debt.
- Conversion of debt into CCPS/CRPS will not be considered as debt post conversion and hence will stand behind operational creditors if the Company is taken to IBC post August 27, 2018.
- The Company has proposed that the CRPS will be secured by their respective cash flows for redemption which may not be legally tenable as per the LLC.
- As per one of the Lenders early redemption of CRPS will mean reduction in share capital for which the Company will have to approach NCLT for such redemption and cannot be automatic.

xii. Company agreed to provide legal/expert opinion on the concerns highlighted by the lenders.

xiii. The meeting ended with vote of thanks to the chair.

