

All Lenders of
Reliance Communications Ltd (RCOM) and
Reliance Infratel Ltd. (RITL)
Reliance Telecom Limited (RTL)
& Company & Consultants

SARG/GM3 Others/R Com/
Dated: 18/12/2018

Sir/Madam,

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

Subject : Minutes of the meeting held on 17th December 2018 (Monday) 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 17th December 2018 (Monday) for your
information and record.

Yours faithfully,


(Rajesh Sheth)
Assistant General Manager

Encl. a. a.

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

- 1) Shri Padmakumar M. Nair, General Manager (Stressed Assets Resolution Group), SBI welcomed all the lenders of RCOM/RITL/RTL, the representatives of the Company and the consultants.
- 2) All lenders confirmed the minutes of the last meeting held on 13.12.2018 except Axis Bank. The representative of Axis Bank requested for amendment in para 8 of the last minutes as follows:

Existing records	Amendment Requested by Axis Bank
<p>However, Axis Bank has explicitly stated that it has negative lien on the shared spectrum and has not issued any NOC for sale of the shared spectrum as on date. Mr. Iyer stated that the company will come back to the stand taken by Axis Bank.</p>	<p>Axis bank had shared a letter dated December 7, 2018 sent to the company and a copy of which was presented during the meeting. This letter was attached with the email confirmation dated August 6, 2018 which the company had given to Axis bank stating that they would take explicit consent from Axis bank for the sale of spectrum. This was also the pretext on which Axis bank had provided NOC for MCN sale. This reaffirms the requirement of NOC required from Axis Bank for sale of spectrum or any other assets.</p>

The lenders accepted the above amendments proposed by Axis Bank. Axis Bank confirmed the minutes of the last meeting held on 13.12.2018 subject to above amendment in the minutes.

- 3) Mr. Punit Garg, Executive Director, RCOM was called upon to brief the lenders about the latest developments and to deliberate on the agenda of the meeting.
- 4) Mr. Garg appraised the lenders about the following major legal cases related to Ericsson case:
 - a) **R Com Contempt Case against DoT for delay in clearance of shared spectrum trade:** Though, the Department of Telecommunications (DoT) has told the Hon'ble Supreme Court that it would clear R Com shared spectrum sale to Reliance Jio Infocomm (RJio) by 17.12.2018 (Monday), the approval is not yet in place. Mr. Garg appraised the lenders that the proposal is moving desk to desk at DoT and DoT approval is expected by evening.
 - b) Once the approval from DoT is received, RJio will remit the consideration to R Com's Designated Account (DA) and the ownership of the shared spectrum will be transferred to R Jio. SBI enquired from the Company whether NOC from lenders would indeed be required before remittance of consideration to R Com designated account. To this query, Mr. Garg informed that R Jio would require NOC from lenders before remitting the fund.
 - c) **SC timeline for settlement of Ericsson Dues:** The Honorable Supreme Court has granted an extension for payment of the consideration of Rs. 550 crs to Ericsson till December 15, 2018. Following this, the NCLAT, vide its order dated October 24, adjourned the hearing of the appeal against the NCLT Orders till December 19, 2018.



- d) As DoT approval for trading of shared spectrum is expected only by 17.12.2018, R Com has failed to settle Ericsson dues within the timeline of 15.12.2018 stipulated by the Hon'ble SC. It is the second time that R Com has not adhered to its payment schedule, the earlier one being September 30-both under Hon'ble Supreme Court order.
- e) **R Com's petition before SC seeking extension in time for settlement of Ericsson Dues:** R Com had filed a petition before the Hon'ble Supreme Court on 12.12.2018 requesting for extension in time for the payment of Rs. 550 Cr to Ericsson till two weeks from the date of issue by DoT for trading of shared spectrum. Mr. Garg informed that since the Hon'ble Supreme Court was not agreeable for extension during the hearing held on 14.12.2018, Company has withdrawn its petition.
- f) Mr. Garg has appraised that due to non-payment of agreed amount to Ericsson, the NCLAT may in all probability dismiss the appeal filed by RCOM and CIRP proceedings would continue before NCLAT (where the underlying matter is pending).
- g) One Lender sought clarification from Mr. Garg as to why the payment to HSBC Daisy Investment be prioritized. Mr. Garg responded that NCLAT vide its order dated 29.05.2018 had advised the company to pay a sum of Rs. 230 Cr to HSBC Daisy Investment & Others within a period of 180 days from the Insolvency exit date i.e. 26.11.2018. Therefore, Reliance Infratel is in default of NCLAT order dated 29.05.2018.
- 5) Further Mr. Garg appraised the lenders about the existing charge over shared spectrum as follows:
- No charge exists on the Shared Spectrum in favour of any lender
 - However, negative lien exists in favour of the 11 lenders of RCOM namely - IOB, OBC, Canara Bank, SBI, CBI, Syndicate Bank, UBI, Corporation Bank, BOI, UCO and IDBI
 - All these 11 banks have already provided their NOC for the trading of the Shared Spectrum
 - However, as recorded by the Lenders at the Joint Lenders Meeting held on 13th Dec 2018, it is proposed to seek unconditional NOCs and re-confirmation of distribution/appropriation of shared spectrum sale proceeds by each Lender.
 - The Company reaffirmed that Axis Bank has neither a direct lien nor a negative lien in the Shared Spectrum.
- 6) Mr. Garg appraised the lenders about the status of NOC for sale of assets as under:

Based on Charge/negative Lien on Specific Asset:

S.No	Asset - Part of Monetization Package	NoCs Pending	NoC Pending - Lenders holding Charge/Lien
1	MCN	NIL	
2	Fiber	2	Axis Bank, VTB
3	Tower	2	Axis Bank, VTB
4	Spectrum	NIL	
5	Real Estate	NIL	
Asset - Not Part of Monetization Package			
	Shared Spectrum	NIL	



Based on NoC from all Lenders:

S.No	Asset – Part of Monetization Package	NoCs Pending	NoC Pending – All Lenders
1	MCN	NIL	
2	Fiber	3	Axis Bank, VTB, IDBI
3	Tower	3	Axis Bank, VTB, IDBI
4	Spectrum	6	Axis Bank, VTB, Emirates NBD, Doha Bank, ICBC, IDBI
5	Real Estate	6	Axis Bank, VTB, Emirates NBD, Doha Bank, ICBC, IDBI
Asset – Not Part of Monetization Package			
	Shared Spectrum	6	Axis Bank, VTB, Emirates NBD, Doha Bank, ICBC, IDBI

7) Mr. Garg proposed for appropriation/adjustment of shared spectrum as under:

Particulars	(Rs Cr.)
A Cash from Shared Spectrum Trade	975
50% of Spectrum Trading Charges	-25.5
TDS@2% (Amount may vary if DPL is also subjected to TDS)	-19.5
Holdback @ 10%	-97.5
B Net Upfront Cash from Shared Spectrum Trade	832.5
Ericsson Settlement Amount	550
Interest from 1st Oct-18 till 19 th Dec-18 (Amount may vary depending upon actual date of payment)	15
C Total to be paid to Ericsson	565
D Total to be paid to RITL Minority Shareholders	230
E Total Settlement to Ericsson + Minority Shareholders (C + D)	795
F Balance available post Settlement (B- E) – to be separately decided	38

8) Mr. Garg requested all lenders to

- give NOC and execute Inter Creditor Agreement (ICA) to enable the Company to complete the sale of shared spectrum smoothly.
- allow RJIO to transfer the monies to the designated account upon receipt of the approval from DoT
- authorize the State Bank of India (SBI) to appropriate the monies received thereby to Ericsson and the Minority shareholders of RITL as presented by the Company in the meeting.
- To co-operate/help the Company from being out of IBC.

9) Lender's also requested the Company to submit asset wise status of sale of assets to R Jio. Mr. Garg promised to submit the same by next day i.e. 18.12.2018 Noon.

SBI Capital Markets Limited's (SBICAPS) Address

10) SBI invited Mr. Santosh Sankaradasan, Vice President, SBICAPS to present an analysis of the proposed appropriation/adjustment of shared spectrum. Mr. Santosh presented as follows:

- SBI Caps enquired with the Company that a trading charge of Rs. 25.50 Cr payable by R Com effectively means that total trading fee is assumed at Rs. 51 Cr, which appears much higher



vis-à-vis the transaction value. Mr. Garg responded that 1% trading fee is applicable on the higher of the transaction amount and the prescribed market price.

- b) He further explained that the while the transaction amount refers to the amount paid by the buyer to the Seller of the Spectrum, market price is equal to the last auction price prorated for the balance validity period of the spectrum license. If the auction price is more than one year old, the prevailing market price is arrived at by indexing the last auction price at the rate of SBI PLR.
 - c) SBI Caps further enquired about Adjusted Gross Revenue (AGR) related charges (License Fees & Spectrum Usage Charges) to be levied on this trading consideration. Mr. Garg responded that the recommendations of Inter-Ministerial Group (IMG) has recommended for considering only capital gain to be subjected to AGR related charges. As there is no capital gain in this transaction, no AGR related levy is to be charged by DoT.
 - d) SBI Caps enquired whether the consideration value of Rs. 975 Cr will undergo deductions due to non-fructification of the transaction by 19.11.2018. Mr. Garg responded that the Company has requested RJIO to consider the value of the subject Spectrum as Rs. 975 crores only and not to revise the same downwards. If the same is not accepted, the value of Spectrum and net realization may change which may result in change in Trading Charges and TDS.
 - e) SBICAPS raised concern over that TDS is being calculated only on the consideration amount and not on the value of spectrum as defined in shared spectrum asset transfer agreement. Mr. Garg responded that as per their internal legal opinion, TDS is applicable only on the amount being paid to the Seller and not the entire value of the Spectrum. If TDS is applicable on the entire value of the Spectrum, upfront cash would get adjusted to that extent
- 11) Based on SBI Caps deliberations, lenders advised the Company to update the table under para 7 as on December 18, 2018 with all possible deductions and share the realistic picture with all the Lenders.
- 12) SBI questioned the reason for non-inclusion of SBI Caps fee in the proposed appropriation/adjustment of shared spectrum sale proceeds as it was agreed upon in May 23, 2018 meeting. SBI informed the lenders that the Company vide email dated 04.10.2018 has reconfirmed that SBI Caps fee shall be paid out of shared spectrum proceeds. Mr. Garg responded that at present their 1st priority is to settle the dues of Ericsson and Minority Shareholders of RITL to keep Company outside IBC. He further explained that, Company has left it to the lenders to decide on the end use of surplus from sale of shared spectrum. Lenders requested the Company to include SBI Caps fee in the proposed appropriation towards the outstanding dues of SBICAPS in the presentation or alternatively pay SBICAPS a reasonable amount of fees directly pending settlement of all of their invoices which have been raised by SBICAPS.
- 13) Axis Bank insisted that while issuing their MCN NOC, they had explicitly mentioned that any further sale/alienation/transfer of assets is subject to their explicit prior written approval. Axis also advised the Company to honor the agreements it entered with their Bank.



Lender's Legal Counsel (LLC) Address

- 14) The terms of appropriation of the shared spectrum sale proceeds have not been formally approved by the lenders. In order to enable an expeditious and efficient closure for the sale of the shared spectrum to enable the Company to pay the dues to Ericsson and the minority shareholders within the proposed timelines, each of the Lenders are required to approve the Company's proposed appropriation terms, and further approve that the State Bank of India, in its capacity as the escrow bank, to appropriate the required funds from the designated account as proposed by the Company and presented in the meeting today.
- 15) LLC submitted a draft of such confirmation letter and distributed it to all the lenders to register their consent for appropriation of funds to Ericsson and Minority Shareholders of RITL only and not any further.
- 16) LLC apprised the Lenders that they have received conditional NOC from the IDBI Bank seeking pari-passu charge over the DAKC land.
- 17) CACIB have given permission to LLC to release their NOC subject to the Company and other Obligors confirmation of certain conditions and representations.
- 18) Lenders discussed and debated their concerns over the terms of the consent form, and time constraints to decide on the consent to be given or not in such form. LLC was instructed to make some minor revisions to the form, which the LLC took note of.

Lender's discussion

- 19) Shri Padmakumar, GM, SBI apprised the lenders about the discussions in the Core Committee Meeting held on December 11, 2018 and Lenders Meeting held on December 13, 2018 for which the minutes of these meetings were already circulated.
- 20) SBI reiterated that if a convener confirmation is required by the Buyer, then SBI would require NOC from all the lenders as well as signing of the ICA by all lenders sans which SBI may not have the authority to provide such confirmations. Moreover, the covering letter which are very often forwarded by Lenders to SBI/LLC contain conditions that would preclude the recipient in treating the enclosed NoC as fully unconditional even though the NoCs in themselves may not contain onerous clauses.
- 21) Considering the time constraint, Lenders agreed to share their consent / dissent on the appropriations proposed by the Company for the sale proceeds in the letter format drafted by LLC by 12 noon on December 18, 2018 by email to Mr. Rajesh Sheth, AGM, SBI on rajesh.sheth@sbi.co.in and/or to Mr. Ashish Nayak, CM, SBI on ashish.nayak@sbi.co.in with a copy endorsed to LLC.
- 22) Over the issue of pending IBC cases against the Company, Mr. Garg apprised that they have either settled most of the on-going cases against them or are in an advanced stage of finalising the terms to settle them outside the Hon'ble Court. They do not envisage any further cases against the Company with possible threat of taking the Company to the IBC.



- 23) It was observed that there are 43 cases with claim amount of Rs. 282 crores pending for admission before NCLT, out of which 6 cases with claim amount of ~Rs. 250 crores pertain to same group of creditors. Mr. Garg replied that Company is in active discussion with them for settlement before they are admitted. The settlement amount will be paid out of TRA account of the Company.
- 24) Lenders noted that though Mr. Ambani has given an undertaking before the Hon'ble Supreme Court for settlement of Ericsson dues, no such commitment is given for the overall monetization program. Therefore, lenders wanted to know the commitment of the Group Chairman towards remaining monetization.
- 25) Mr. Garg responded that Mr. Ambani is unconditionally committed to the overall monetisation program. His personal guarantee to the payment of Ericsson and Minority Shareholders of RITL is as Chairman of ADAG group and is subject to sale of Shared Spectrum proceeding as envisaged.
- 26) SBI explained to the Lenders again stating that it will require consent from all the Lenders to appropriate the funds to Ericsson and Minority Shareholders of RITL as agreed upon in this meeting and the same being stated on the consent forms circulated by the LLC. SBI once again urged all Lenders to provide unconditional NoC's as requested to enable the matter to be settled as the entire process is monitored by the Hon'ble SC/NCLAT/NCLT in respect to the sale of shared spectrum & all other assets under MRP proposed by the Company.

The meeting ended with vote of thanks to the chair.

