

PFSBU/Team-7/R Com/2222

Date: 18.12.2017

**Companies** : Reliance Communications Limited, Reliance Infratel Limited and Reliance Telecom Limited

**Place** : The Taj Mahal Palace Hotel, Apollo Bandar, Colaba, Mumbai - 400001

**Date** : 08.12.2017 **Time**: 11:00AM

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

Shri Achyuta Panda, DGM, SBI-PFSBU welcomed all Lenders of RCOM/RITL/RTL. Mr. Panda invited Shri Punit Garg, Executive Director, RCOM to appraise the lenders on the agenda circulated earlier.

All the lenders confirmed the Minutes of last JLF dated 31.10.2017.

The deliberation happened as per the agenda as under.

1.Mr. Garg provided details on the 8 pending NCLT including the case of CDB against RTL for US\$ 195 Mio against credit facilities, which were collaterally secured by way of CG of RCOM. Mr. Garg informed the JLF that the CDB case is isted for hearing on 18<sup>th</sup> December 2017.

**Lenders advised the company to resolve the issues with both secured and unsecured creditors to ensure that the asset monetisation process taken up by the JLF will not face any hurdles.**

2. Company presented Debt resolution plan as under:

Sr.	Particulars		Rs.Cr.
1	Existing RCOM Secured Debt as on 30 <sup>th</sup> Nov '17 (w/oInterest)		38,301
2	Less : expected realization from Monetization of Assets		
	(a) Spectrum and equipment (net of DoT revenueshare)	9,170	
	(b)MCN	1,200	
	(c)Tower	4,000	
	(d)Fiber	2,000	
	(e) Real Estate other than DAKC	800	17,170
3	Balance Debt		21,131



Company submitted its proposed Asset monetization status as under:

Asset	Methodology	TimeLine			Expected realisation
		MOU	Binding Docs	Financial Closure	
<b>Spectrum</b>	Trading – as per DoT Guidelines	21 Dec17	31 Dec17	28 Feb18	<b>9,170</b>
<b>Tower</b>	SlumpSale	21 Dec17	15 Feb18	31 Mar18	<b>4,000</b>
<b>Fiber</b>	SlumpSale	21 Dec17	15 Feb18	31 Mar18	<b>2,000</b>
<b>MCNs</b>	SlumpSale/ Conveyance Deed of land & Building	21 Dec17	31 Jan18	28 Feb18	<b>1,200</b>
<b>Real Estate Other than DAKC</b>	Outright Sale	21 Dec17	31 Dec17	31 Jan18	<b>800</b>
<b>Enterprise Business</b>	Demerger (through NCLT)	28 Dec17	31 Mar18	30 Jun18	<b>12-15,000</b>
<b>DAKC Development</b>	Transfer of Debt	21 Dec17	28 Feb18	31 Mar18	<b>10-12,000</b>

JLF authorised the Core Committee to review the same and take up the issues with the company in their next meetings.

3. On lenders' demand for a Management Representation on rights claimed by RJIO under various contracts, company stated that as RJIL does not have any claim over assets beyond outstanding advance of Rs.814 Crores as already advised to lenders in CCM dated 29.11.2017. SBI on behalf of lenders again insisted that company should provide a Management Representation on the subject matter to lenders.

4. Company presented Lender wise debt as on 30/09/17 & 28/12/17 (Estimated including interest) and Lenders wise facility wise allocation of asset monetization proceeds. A few lenders raised issue of repayment of ICICI Bank and HDFC Bank loans post reference date. Company advised that these loans were self-liquidating in nature bound by arrangement with third party. Lenders objected this priority treatment. OBC raised the issue of IndusInd Bank loan, which is reflected on MCA portal and sought Company's clarification on the same. RCOM CFO informed that said loan was already repaid in March 2017 and formalities pertaining to satisfaction of charge are under process.

A few lenders informed that the actual outstanding in their books is not matching with the sheet circulated by the Company. SBI requested all lenders to verify their outstanding with sheet and advise to SBI for any mismatches within two working days to enable SBI to update correct records for future reference.



The Company proposed to distribute all asset monetization proceeds to all lenders on pro rata basis from the proceeds of securities held by them.

5. SBICAPS informed that in absence of consent from Company, appointment of RK Associates could not be finalized. Muzoomdar & Associates Pvt Ltd. informed that they have already circulated draft valuation report and sought Management Representation on few aspects which along with indemnity from Company are pre-requisites for finalization of his report.

Company informed that they are not in a position to provide indemnity and since asset monetization estimates have already been presented to JLF, in their opinion no separate management representation is required. Lenders sought company's co-operation on the matter and advised company to settle the issues raised by the Valuers.

Credit Suisse informed that they are in receipt of 9 Bids for Rest of RCOM an advised that on receipt of nod for opening Bids, CS will continue with next step as under:

- a) Summarizing Bids
- b) Sign Non-binding MOU and invite shortlisted bidders
- c) Commence DD with objective to sign binding doc by end of January 2018

6. KPMG presented structure for separating RCOM's continuing businesses to facilitate new buyers to take over the running entities. They also presented structure for DAKC co-development, which will enable development of DAKC land under JV. IDBI sought details such as sustainability study, basis of valuation and logic for shifting only foreign lenders. Company informed that DAKC development is being carried out on the basis of study by HDFC RED and Indian lenders can join DAKC as well.

7. SBICAPS informed JLF that they are in receipt of Non-Binding offers for Asset Monetization process as under

Asset	No of Non-Binding offers
Spectrum	3
MCN	4
Towers	2
Fibre	5
Rest of RCOM (through Credit Suisse)	7

Some of the Bids have been received post the cut off time of 17:00 hrs. due to technical issues and considering the same, CCM had post facto, extended the time for receipt of Non-



Binding offers by two hours i.e. till 19:00 hrs., 06<sup>th</sup> December 2017. It was further clarified that as per CCM decision that submission of a composite bid would be permitted in the meeting held on 29.11.17, it was decided to expand definition of Bidder to include a Company, its Associates, Subsidiaries and JVs.

SBICAPS also informed that they have received two bids from CS, actual time of receipt of the same by CS is not known to SBICAPS. Company informed that they will co-ordinate with CS and revert on timing of these Bids.

8. It was also deliberated and decided that to ensure confidentiality, transparency and fairness in the whole asset monetization, an Asset Sale Committee (ASC) to be formed to monitor and guide Asset Monetization process and CCM members will act as ASC members

Further, an Asset Evaluation Committee (EC) comprising three independent members will be appointed with persons of repute and adequate background in the fields of telecom, legal and finance to evaluate the overall Monetisation process. The EC would oversee the entire Monetisation Process and advice and recommend the ASC on all important matters concerning the Monetisation process.

SBI while assuring that it has taken up the job of identifying the suitable persons, it has requested other lenders and also the Company to suggest a few names for finalizing the Evaluation Committee in next 2-3 days. Company and other members of the JLF also agreed to the above and stated that they would also try and revert with some names.

9. On the Way forward on SDR, SBICAPS informed following gaps in finalization of SDR package:

- Conversion Price
- Asset Monetization proceeds to be factored
- Distribution of Asset Monetization proceeds and Loan outstanding post Asset Monetization
- TEV for Rest of RCOM
- Finalization of SDR terms

10. As per the agenda, LLC was advised to provide their opinion on various queries raised by lenders from time to time. Gist of the presentation made by it as under:

- i. Admission of any case against company will shift control of asset monetization process from lenders to IRP, who in turn will be guided by Committee of Creditors.
- ii. The RTL spectrum can only be monetized, subject to contractual and regulatory approvals, if permitted under the resolution plan as approved by the committee of creditors and the NCLT as per the Insolvency and Bankruptcy Code ("IBC"). The proceeds of such monetization shall be applied in the manner specified in the resolution plan.



- iii. Under the IBC, the NCLT is mandated to only consider a default committed by a corporate debtor in respect of a debt owed to a financial creditor, before admitting an application. There is no provision under the IBC that permits other financial creditors of a corporate debtor to oppose an application filed by another financial creditor. Accordingly, the JLF lenders have no statutory right or basis to oppose the applications made by other financial creditors before the NCLT.
- iv. SDR Conversion price :
- a) As per the ICDR and the SDR Circular, the 'fair value' at which equity shares of RCOM may be issued to the JLF lenders shall have to be between:
- (and including) the face value; and
  - (and including) the lower of the market value and the break-up value,
- and such 'fair value' shall be determined with reference to the 'Reference Date' and is required to be certified by two independent qualified valuers.
- b) If the market value or the break-up value so determined is lower than the face value of the equity shares, the face value will be the 'fair value'.
- c) Further, if the equity shares of RCOM are to be issued to the JLF lenders at face value, the face value shall have to be certified by two independent valuers as being the 'fair value' in accordance with the SDR Circular.
- d) LLC also advised that majority of loan documents contain clause preventing management change and few of them does not have a clause for conversion of debt into equity and a common undertaking by all lenders to be signed to facilitate SDR.
- vi. On Agreements with RJIO, LLC advised the company to give a confirmation to the lenders that the spectrum covered under the Spectrum Sharing Agreements & Option Agreements with RJio does not include spectrum to be monetized.
- vii. LLC also sought certain clarifications from the company on transaction for sale of Big TV. Company assured to respond to LLC at the earliest. Company was informed that Big TV NOC can be considered subject to satisfaction of queries of LLC and no additional liabilities to RCOM.

11. EY briefed lenders on status of TEV and informed that they will be in a position to submit a draft report by 15<sup>th</sup> Dec 2017 and final report by 20<sup>th</sup> Dec 2017. Lenders urged EY to expedite the process with a view to submit report at an earlier date.

12. Lenders expressed displeasure on China Development Bank representative attending meeting without signing attendance sheet. Lenders also advised CDB to come on-board for resolution of the issues and expediting asset monetization process.

Post lenders session, company was advised as under:

- i. RCOM to give a management representation on all Agreements entered into with RJio
- ii. Company to make efforts for creation/perfection of security.
- iii. In case conversion of debt into equity is agreed by all lenders, it will be done at Rs.5 per share.



- iv. RCOM to co-operate for valuation and TEV exercise
- v. Company to facilitate for NOC from all lenders to expedite asset monetization.
- vi. Banks to consider sale of Big TV and Brookfield subject to resolution of LLC queries and no additional liability is added to RCOM.

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