

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

SARG/GM3 Others/R Com/
Dated:10/09/2018

Sir/Madam,

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

Subject : Minutes of the meeting held on 5th September 2018 (Wednesday) 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 5th September 2018 (Wednesday) for your information and record.

Yours faithfully,

(Rajesh Sheth)
Assistant General Manager

Encl. a. a.

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

1. Shri Pallav Mohapatra, Deputy Managing Director (Stressed Assets Resolution Group), SBI welcomed all the lenders of RCOM/RITL/RTL. Vijaya Bank & IIFCL appeared in the meeting through video conference and Audio Conference respectively.
2. Lenders confirmed the minutes of the last meeting held on 27.08.2018.
3. The Company was called upon to make brief presentation on their new Monetization & Resolution Plan. Shri Punit Garg, Executive Director, RCOM walked the lenders through the Company presentation.
4. Axis Bank NOC/ICA: Mr. Garg informed that TDSAT, by order dated 9th August, 2018 has directed DoT to return BGs issued by Axis Bank of Rs. 2000 Cr by 16th August, 2018 or else the BGs shall stand cancelled. DoT challenged the TDSAT Order before the Supreme Court, which is listed for hearing and order on 6th Sept, 2018.
5. Company informed Axis Bank on a specific query that in case the matter being heard at the Honourable Supreme Court w.r.t. Axis Bank BGs is not in its favour, the Company shall arrange to execute a tripartite agreement amongst RCOM, RITL, RJio and Axis bank to address Axis banks concern of BGs being continued without any recourse to Asset Monetization.
6. Axis Bank mentioned that Company would be approaching Axis Bank for NOCs only after the above issue is resolved. Axis Bank further mentioned that it will be able to execute the Arbitration Agreement only upon, either a) favourable judgement of Hon'ble Supreme Court w.r.t. the BG matter or b) upon signing of the tripartite Amended and Restated Agreement by RCOM, RITL and RJIO in favour of Axis bank.
7. It was agreed that since the Axis Bank Rs. 2,000 crore BGs to DoT are a purely tripartite matter between Axis, RCOM and RJIO, accordingly:
 - a) Axis Bank will not be entitled to recover any amounts from the proceeds of RCOM Asset Monetization;
 - b) No other Lender of RCOM will have any claims against Axis Bank in relation to any reimbursement / proceeds received by Axis from RJIO, in the event the BG is invoked by DoT and paid off by Axis, and the same shall accrue to Axis Bank alone
8. Co. informed that VTB NOC is expected once the arbitration agreement is signed by all lenders.
9. Co. further briefed that NOC with Vijaya Bank has been resolved and they will receive it shortly. ED, Vijaya Bank who was attending the meeting through Audio Conference informed the lenders that they do not wish to convert any portion of their residual debt into equity. The residual debt of Vijaya Bank is estimated at Rs. 1.98 Cr as per table below:

| Particulars | Rs In Cr |
|-----------------------------|--------------|
| BG Facility | 100.00 |
| Less: Margin | 5.00 |
| Less: Interest on FD Margin | 0.02 |
| Outstanding Balance | 94.98 |

| | |
|--------------------------------|--------------|
| Less: Reinstated Spectrum BG | 78.54 |
| Balance | 16.44 |
| Less: Expected Refund from DOT | 14.46 |
| Balance | 1.98 |

10. Shri Mohapatra, Dy. MD of SBI observed that as other lenders may have to convert huge portion of their debt into equity/CRPS, Vijaya Bank may have to reckon this position, however difficult it may appear and work along with all other lenders to conclude the process expeditiously by equally assuming the responsibility of sharing the burden if any.

11. Lenders were also apprised that Vijaya Bank has issued counter guarantee for Rs. 78.84 Cr in favour of SBI in respect of Spectrum BG of Rs. 78.54 Cr replenished by SBI on 10.08.2018. SBI had earlier issued this BG by treating MCN sale proceeds to the extent of Rs. 78.54 Cr as 100% cash margin. Based on Vijaya Bank Counter Guarantee, SBI has released this cash margin Rs. 78,53,77,803 on 03.09.2018 for appropriation of MCN sale proceeds against Vijaya Bank's earlier invoked BGs. Post this arrangement, the exposure of 5 BG lenders in respect of replenished Spectrum BG stands as follows:

| S No | Name of Lender | Invoked & Paid amount (Rs. In Cr.) | Instalment Due (INR) | O/s BG exposure(INR) |
|------|----------------|------------------------------------|----------------------|----------------------|
| 1 | SBI | 190 | 149,22,17,827 | 149,22,17,827 |
| 2 | PNB | 137 | 107,96,29,016 | 107,96,29,016 |
| 3 | Vijaya Bank | 100 | 78,53,77,803 | 78,53,77,803 |
| 4 | Yes Bank | 281 | 281,44,90,001 | 281,44,90,001 |
| 5 | Syndicate | 200 | 157,07,55,606 | 157,07,55,606 |
| | Total | 908 | 774,24,70,253 | 774,24,70,253 |

12. Vijaya Bank had earlier withdrawn their NOC mentioning that their NOC is to be treated as null and void as on date. Vijaya Bank has confirmed that they have already revoked the intimation cancelling NOCs sent earlier.

13. Lenders were apprised that following documents were executed by SBI as Lender's convener pending execution of Inter Creditor Agreement by Axis Bank, VTB Capital and R Com Bond Holders:

| SN | Document Executed | Date of Execution | Parties |
|----|--------------------------------|-------------------|---|
| 1 | MCN Escrow Agreement | 08 August, 2018 | State Bank of India (Escrow Agent) Reliance Communications Limited (Seller) Reliance Jio Infocomm Limited (Purchaser) State Bank of India (Convenor) |
| 2 | Optical Fibre Escrow Agreement | 24 August, 2018 | State Bank of India (Escrow Agent) Reliance Infratel Limited (Seller) Reliance Communications Limited (Seller) Reliance Jio Infocomm Limited (Purchaser) State Bank of India (Convenor) |
| 3 | Tower Escrow Agreement | 27 August, 2018 | State Bank of India (Escrow Agent) Reliance Jio Infratel Private Limited (Purchaser) Reliance Communications Limited (Seller) Reliance Infratel Limited (Seller) State Bank of India (Convenor) |

14. Subsequently, SBI on 10.08.2018 forwarded a convenor confirmation to Reliance Jio Infocomm Ltd. confirming no encumbrance over 41 MCN sites out of total of 248 MCN sites. Basis this confirmation, the sale proceeds of Rs. 780 Cr was remitted by R Jio to seller's escrow account which was then utilized to replenish the Spectrum BGs as informed in the earlier meetings.
15. Thereafter, Rs. 200 Cr of balance sales proceeds is still maintained by Reliance Jio in its MCN purchaser escrow account pending due confirmations to enable SBI to issue Convenor confirmation.
16. Company has now confirmed the timeline for receipt of funds for sale of a few assets as follows:

Reliance JIO Monetization Package

| Cash-In | MCN | Fiber Intermediate Stations | Tower | Spectrum |
|------------------|------------|-----------------------------|-------|----------|
| Purchaser Escrow | 10-09-2018 | T+2 | T+2 | T+7 |
| Seller Escrow | 15-09-2018 | T+7 | T+20 | T+45 |

T: Date of Receipt of Pending NoCs

Note: Company vide email dated 06.09.18 informed that at every 100 Kms, Fiber repeaters are installed and these are called "Intermediate Stations". These form part of Fiber assets.

17. Company has also confirmed that 207 MCN registrations have already completed. However, credit is received only in respect of 192 MCNs. Mr. Manikantan Iyer, CFO, R Com has confirmed that another Rs. 100 Cr will be credited to R Jio MCN purchase escrow account by 06.09.2018.

Brookfield Real Estate Package & New RCOM

| | Real Estate | New RCOM |
|---------------------------------|-------------|------------|
| Signing of Definitive Documents | 10-11-2018 | 25-11-2018 |
| Cash In | 10-11-2018 | 25-11-2018 |

18. The Adjustments from Asset Monetization package was announced / informed by Co. to all the lenders as follows:

| S.N. | Asset Type | Gross Value (Rs. Cr.) | Holdback | Deductions : Registration Charges/ Stamp Duty | Deductions : TDS | Deductions : Adjustment for JIO Opex | Net Value to be Received | Escrow Cash-In till Date | Remarks |
|------|-------------|-----------------------|----------|---|------------------|--------------------------------------|--------------------------|--------------------------|--|
| 1 | MCN | 2000 | 200 | 79 | 15 | 462 | 1244 | 980 | Registrations : 206 completed out of 248. |
| 2 | Tower | 5000 | 500 | 0.84 | 0.01 | | 4499 | 0 | Asset Transfer Agreement Signed and Purchaser Escrow Agreement signed Registrations yet to begin |
| 3 | Fiber | 5000 | 300 | 7 | 30 | | 2663 | 0 | Asset Transfer Agreement and Purchaser Escrow Agreement Signed |
| 4 | Spectrum | 7193 | 719 | | 360 | | 6114 | 0 | Subject to disposal of Spectrum contiguity matter |
| 5 | Real Estate | 701 | | | | | 701 | 0 | Cash-in targeted to be completed by 25 th Nov-18 |
| 6 | New RCOM | 3500 | | | | | 3500 | 0 | Cash-in targeted to be completed by 25 th Nov-18 |

Note: The above chart is an excerpt from Company's presentation wherein the Gross value for Fibre is erroneously mentioned as Rs 5,000 crs instead of as Rs. 3,000 Cr.

19. Company has also confirmed that R JIO will pay GST wherever applicable.
20. Company has also updated the lenders that they are in talks with JIO to expedite the release of holdback amount within 90 days instead of 1 year mentioned in the Monetisation package.
21. On an enquiry by one of the lenders as to the reduction of the net value to be received from sale of new R Com from Rs. 5,914 Cr (as presented on 16.08.2018) to Rs. 3,500 Cr (as presented on 05.09.18), Shri Garg informed that since the entire sale process need to occur now in a short span of time (within 90 days) the valuation arrived now is based on current numbers and not on the projected multiples which the company would have achieved in a time frame of 2-3 years.
22. SBI observed that the Company have been periodically and at frequent intervals changing Gross and Net sale proceeds without providing proper clarifications / explanations in the presentation which is unacceptable. An example of which is as follows:

| Asset | Co. Presentation 16.08.2018 | Co. Presentation 05.09.2018 | Difference |
|--------------|--|--|-------------------|
| Spectrum | 7,372 | 7,193 | 179 |
| Real Estate | 800 | 701 | 99 |
| Total | | | 278 |

23. Dy. MD, SARG, SBI requested the Co. to freeze all deductions/adjustments from sale proceeds as on date and basis the Company's presentation any future deductions/adjustments shall be borne by the Co. from its own sources. All lenders were unanimous in agreement to the suggestion. Accordingly, the deductions as mentioned in the Company's presentation was agreed to be frozen as on 05.09.2018. Mr. Punit Garg also consented for freezing the deductions/adjustments as suggested by all the Lenders and it was also agreed that any deviation henceforth will be treated as an event of default.
24. Subsequently during lenders only meeting with the Concurrent auditor, it was agreed that every deductions/adjustment from sale proceeds should be certified by an outside agency. As BDO was already carrying out similar exercise of concurrent audit, lenders agreed to take quote from BDO.
25. Mr. Jinal Jatakia, Director – Risk Advisory Services, BDO (based on approx. 6 lac transactions) quoted Rs. 45 Lakhs (Plus opex and applicable taxes) for certifying the expenses and deduction from asset monetization. Mr. Garg before leaving the discussion room for lenders only meeting had left it for the lenders to decide the fees for audit of deductions/adjustments from sale proceeds.
26. BDO appraised the lenders that they have been appointed by the SBI (on behalf of lenders) in concurrence with the consortium duly agreed by Reliance Communication Limited to perform concurrent audit of the day to day pay-outs done across the company's Reliance Communications Limited / Reliance Infratel Limited / Reliance Telecom Limited. BDO presented the summary of the transactions till 25 August 2018 along with the professional fees paid against the proportionate billing as per the mandate:

| Month | No. of transactions reviewed | | Fees as per SBI appointment | Proportionate Fees | Actual billed | Difference proposed to be billed |
|--------------------|------------------------------|--------------|-----------------------------|-------------------------------|---------------|----------------------------------|
| | Actual Count | Agreed Count | | | | |
| | A | B | C | D = 9lac / 10k * Actual Count | E | F = D - E |
| Nov-17 | 216 | 10,000 | 9,00,000 | - | 9,00,000 | - |
| Dec-17 | 17,304 | 10,000 | 9,00,000 | - | 9,00,000 | - |
| Jan-18 | 25,778 | 2,000 | 3,00,000 | 23,20,020 | 9,00,000 | 14,20,020 |
| Feb-18 | 19,516 | 2,000 | 3,00,000 | 17,56,440 | 9,00,000 | 8,56,440 |
| Mar-18 | 31,771 | 2,000 | 3,00,000 | 28,59,390 | 9,00,000 | 19,59,390 |
| Apr-18 | 35,564 | 2,000 | 3,00,000 | 32,00,760 | 9,00,000 | 23,00,760 |
| May-18 | 18,474 | 2,000 | 3,00,000 | 16,62,660 | 9,00,000 | 7,62,660 |
| Jun-18 | 21,259 | 2,000 | 3,00,000 | 19,13,310 | 9,00,000 | 10,13,310 |
| Jul-18 | 16,003 | 2,000 | 3,00,000 | 14,40,270 | 9,00,000 | 5,40,270 |
| Aug-18 | 12,143 | 2,000 | 3,00,000 | 10,92,870 | 9,00,000 | 1,92,870 |
| Grand Total | | | 42,00,000 | 1,62,45,720 | | 90,45,720 |

27. BDO appraised the lenders that fee for Nov-17 and Dec-17 was agreed at Rs. 9 Lac considering estimated transaction of 10,000 per month. The fee for ensuing months was fixed at Rs. 3 Lac per month considering that going forward due to shutdown of the wireless division the transactions will reduce to 2,000 on monthly basis. However, due to substantially high number of transactions vis-à-vis the estimates, BDO requested the lenders to approve proportionate fees & release the differential payment.
28. Lenders advised the Company that BDO is getting substantial chunk of business from R Com package of Audit services. Therefore, there will be no revision in monthly fee of Rs. 9 lacs per month and if they insist for proportionate fee, fresh bids will be obtained for entire package of services including audit of deductions/adjustments from sale proceeds. After having a call with seniors, Mr. Jinal confirmed that they wish to go ahead with month review of transactions at a fee of Rs. 9 lac per month only.
29. Lenders also agreed that Company shall facilitate all audits by supplying necessary documents and information as and when desired by BDO.
30. Company also informed the lenders that Asset Monetization proceeds can only be distributed post execution of the Asset Monetization and Distribution Agreement (AMDA).
31. Company also urged lenders to finalize the following issues on priority:
- Finalization of date (cut-off date) for considering the FB/NFB outstanding in books of all Lenders
 - Finalization of date (cut-off date) for considering the exchange rate for computation of ECB outstanding
 - Decision to include NFB (other than BG issued for Spectrum) for the purpose of computation of total outstanding debt for Asset Monetization distribution
 - To account for all amounts retained and appropriated by all lenders/banks in the normal course of business post 2nd June-17 (SDR reference date)

32. The above four points were discussed threadbare and decisions were arrived by full consensus as indicated below:

a) Finalization of date (cut off date) for considering the FB/NFB outstanding in books of all Lenders

it was decided that funded debt principal outstanding and Non Spectrum related non funded debt (excluding Axis OTSC BG) as on 30.06.2018 to be considered for distribution of asset monetization proceeds.

b) Finalization of date (cut off date) for considering the exchange rate for computation of ECB outstanding

Foreign lenders represented by ICBC was of the view that their O/S should be considered in foreign currency value and should be taken as on date of distribution. However, all the other lenders opined that since proceeds from asset monetization are in INR, it will be logical to freeze ECB loans in INR terms taking some reference rate.

INR lenders also opined that due to forex fluctuations, their share of asset monetization proceed is decreasing and hence exchange rate may be taken as on 2nd June 2017.

After detailed discussions and it was observed that all lenders should get fair share in asset monetization proceeds in percentage term irrespective of currency movement.

Therefore, to address INR lenders concern on movement of UD\$ and its impact on their realisations, RCOM suggested that **forex rate as on 30.06.18** from a leading Bank may be taken to determine the foreign currency payout / distribution of proceeds to ECB Lenders, which was accepted by majority of lenders. ECB lenders including ICBC sought time to revert on Company's suggestion.

c) Decision to include NFB (other than BG issued for Spectrum) for computation of total outstanding debt for Asset Monetization distribution

The Company explained it to the lenders that NFB appropriation will be different from FB since the NFB appropriation will be parked in a pool as margin and once these exposures are moved to JIO then it will be distributed to the FB lenders in pro-rata basis while if any NFB is invoked then their pro-rata amount will be released from the pool. The lenders agreed to this method.

d) To account for all amounts retained and appropriated by all lenders/banks in the normal course of business post 2nd June-17 (SDR reference date)

The matter will be decided based on decisions in item a) and b) above.

33. The broad contours of revised MRP (Monetization & Resolution Plan) presented by Co. was as follows:

a) Co. presented that following stage wise cash recovery:

| SN | Particulars | Deadline | Rs. In Cr |
|----|--|-------------------------|-----------|
| 1) | Stage 1 : MCN, Tower and Fiber proceeds from RJio | 29.09.2018 | 7,702 |
| 2) | Stage 2 : Spectrum (less Contiguity) from RJio, Real Estate & holdback amount | 25.11.2018 | 4,353 |
| 3) | Stage 3 –Sale of New Rcom | 25.11.2018 | 3,500 |
| 4) | Stage 4 –Spectrum Contiguity (Total Charge –Rs.4,181 cr) | Time depend on SC order | 4,181 |
| | Total | | 19,736 |

Dy. MD-SARG, SBI informed the forum that the new MRP that would be prepared based on the outcome of today's meeting shall be binding on the company and in case if they fail to follow the timelines mentioned in that then it will trigger an event of default. However, Stage 1 event of default will hold good only if the Indian Lenders decide on the representative of the pro-rata lenders and that representative signs the Arbitration Agreement for the Arbitration process to kick-start.

- b) priority payment received by few lenders between 02.06.2017 till the date of distribution of proceeds will be appropriated from their share of sale proceeds.
- c) The residual debt after stage 4 cash receipt to be converted to equity shares
- d) CRPS-1 will be issued for the Spectrum contiguity amount of Rs.4,181 Cr
- e) CRPS -2 will be issued for Unpaid interest from 01.03.2017 till 27.08.2018 in respect of domestic lenders
- f) The unaddressed debt of ECB lenders to be transferred to Reliance Reality Limited (RRL). Further, R Com Bonds to be restructured.

34. Some of the lenders sought details of balance in purchaser and seller's escrow account. SBI informed that it is already minutised in the previous meeting that it will be Company's responsibility to update lenders on credits in seller's/purchaser's escrow account as and when some transaction happens in these accounts.

35. Company also briefed lenders about the process of movement of proceeds, wherein the funds is received in the buyer's (R Jio) escrow account at SBI, CAG-BKC and post all the NOCs and Convener confirmation, the money will move to the seller's (R Com) escrow account at SBI, CAG-Ballard Estate from where the proceeds will be distributed.

36. Arbitration Matter: Lenders deliberated that since SBI is now claiming priority payment, someone else from the pro rata group needs to represent Pro-rata section of the lenders. As per the last meeting LIC being the largest INR lender would obtain internal approvals to lead the Prorate side. LIC representative indicated that approvals have not been obtained and therefore would not assume the responsibility. On a request by all Prorate lenders, IDBI indicated that they can assume the responsibility subject to internal approval and sought 2 days to confirm the same. BOB too indicated their willingness and indicated that too would confirm in couple of days' time. In short, either IDBI would lead or IDBI and Bank of Baroda together will represent the pro rata group.

37. Lenders raised the query as to a scenario wherein when the Arbitration agreement is not signed by all lenders and whether it would still be binding on all. LLC clarified that the arbitration agreement will be only for the banks who have signed and in case the priority lenders do not sign the agreement, it is not binding on them. The lenders can still challenge the arbitration decision but the agreement is still important to be signed since one of the lenders is prepared to vacate its charge on the assets only when it is signed.
38. Central Bank of India & UCO Bank raised a query that since the proceeds have been continuously changing hence the NOC given by their bank won't hold relevant anymore. To, this the Company responded that NOC does not talk about the amount and its only required for release of charge for the sale to proceed and this amount is conditional based on day of sale finalization. The amount and proceed distribution methodology will be as per the AMDA agreement which is depended on the resolution of the queries as stated earlier.
39. On query regarding the excess money to be received from DoT in the invocation of Rs. 774 Cr. BGs Company explained that out of Rs. 134 Cr of excess amount Rs. 20 cr is deducted for late payment and the remaining Rs. 114 cr whenever received from DoT will be appropriated pro-rata among the banks who furnished those BGs.
40. The lenders also advised the Company that the point no: 4(a) of the MRP dated 31.08.2018 should read as follows : *"Pursuant to the bidding process carried out by Credit Suisse, the interest of bidders received for New RCom were for the Enterprise Value ranging from US\$ 450 million to US\$ 1100 mn."*
41. LLC suggested that terms of final MRP can be part of AMDA as an added annexure.
42. Company updated the lenders on the timelines for sale of New RCOM as:
- To be completed on or before 25th November
 - Company to start working on the transaction in the coming week and will subsequently update the sale timelines to all lenders
43. SBI requested for Company's Plan B, in the event it fails to settle Ericsson dues by 30.09.2018 considering legal tussle between DoT and Co. for payment of Spectrum usage charges of ~Rs. 3,000. As agreed amongst the lenders, Co. is to settle Ericsson dues by paying Rs. 550 Cr by utilizing sale proceeds of shared spectrum. Mr. Garg responded that they are planning to take up this matter with the Supreme Court, if no order is obtained from TDSAT by 20.09.2018.
44. Post the above discussion Company exited and the highlight of Lenders only session are as follows:
- Funded debt principal outstanding and Non Spectrum related non funded debt (excluding Axis OTSC BG) as on 30.06.2018 to be considered for distribution of asset monetization proceeds.
 - The foreign debt is converted at an exchange rate of Rs. 68.47/US\$ which is as of 30.06.2018.
 - Priority payment received by any lenders since 02.06.2017 till the date of distribution will be adjusted from share in sale proceeds of that lender.
 - Lenders also agreed that Company shall facilitate all audits by supplying necessary documents and information as and when desired by BDO.
 - IDBI and / or BOB to advise on their willingness to lead Prorata side for Arbitration purpose. All lenders will arrange to execute the Arbitration agreement within next 1-2 days.

- f) All lenders in principle agreed to get the revised MRP approved from respective sanctioning authorities by 20.09.2018.
- g) Company to arrange for execution of the tripartite Amended and Restated Agreement by RCOM, RITL and RJIO in favour of Axis bank to enable Axis Bank to issue NOC for sale of assets.
- h) CACIB observed that pending distribution of sale proceeds amongst lenders, it would be prudent to keep this fund in a trust to avoid the control of funds shifting to Resolution Professional in the event of Company gets admitted under IBC. LLC was advised to explore for a trustee for keeping this fund for the intermittent period in a trust account.
- i) Company will also arrange for pending ICA from all lenders to enable SBI to issue convenor confirmation to Reliance Jio and Axis Trustee for release of charge on assets.

The meeting ended with vote of thanks to the chair.
