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RCom signs loan pact with Chinese bank

Our Bureau

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Reliance Communications has signed a final documentation with China Development Bank (CDB) for securing a Rs 6,000-crore loan.

The loan facility is fully underwritten by CDB, and will be funded by a syndicate of Chinese financial institutions, including CDB.

This is being seen as the first and largest ever syndicated loan for refinancing spectrum fees. The company paid about Rs 8,585.04 crore to the government for securing 3G licences in 13 telecommunication circles.

RCom has also signed an additional agreement for Rs 2,700 crore (\$600 million) with CDB, for financing imports/domestic expenditure of telecom equipment from Chinese vendors, namely Huawei and ZTE.

RCom had executed a memorandum of understanding with CDB during the India visit of the Chinese Prime Minister, Mr Wen Jiabao, in December 2010. The RCom scrip was up by 9.36 per cent to close at Rs 99.3 on the BSE.