

KRO/PASF/NINL-DIPAM/145

August 05, 2021

Assistant General Manager,
Indian Bank,
Head Office, Legal Department,
No. 66 Rajaji Salai,
Chennai - 600 001

Respected Sir,

Sub: Strategic Disinvestment of Neelachal Ispat Nigam Limited (NINL) - response to accruing claim amount to bondholders and objections to pre-payment of operational creditors.

Ref: Your letter no. LEGL: HO: DT: REF: 59:2021-22 dated 22.07.2021

Ref: Our letter no. KRO/PASF/NINL-DIPAM/139 dated 03.08.2021

Ref: Your letter no. LEGL: HO: DT: REF: 64:2021-22 dated 04.08.2021

This is with reference to your letter dated 4th August 2021 on accruing claim amount till the payment date to bondholders on the NCD NINL 2021 (ISIN INE514F07075) and your objections towards pre-payment of operational creditors.

Regarding your comments and observations, we would like to inform the following:

The amount that will be paid to bondholders as part of the waterfall agreement will be the outstanding as of date of payment. All employee dues, operational creditors, and financial creditors (including bond holders dues and Trustee fees) will be paid on the basis of dues as on date of payment.

The Waterfall agreement and the priority of payments has been discussed and deliberated in several Inter-Ministerial Group (IMG) meetings which are chaired by Secretary DIPAM and Secretary Commerce. The priority of payment has been finalised taking into due consideration that the new management of NINL should be able to operate the Plant effectively post takeover without facing immediate labour issues or supply related disruptions. Hence, priority has been given to payment of employee dues and third party operational creditor dues. As you are aware, NINL employees have not received salary payments for last 12-15 months due to plant shutdown. Furthermore, given that the financial bids would be called on Enterprise Valuation basis, and based on the interest evinced in NINL by several large steel business houses, we anticipate that there would be sufficient funds available for settlement of bondholder dues after settlement of employee dues and operational creditors.



Moreover, as part of closure of transaction, one of the Conditions Precedent is to obtain No-Objection Certificate for settlement of all dues and release of security of NINL held by financial creditors (including bond holders) on final settlement. NINL would be approaching all security holders including Bond Holders for a No-Objection Certificate which would be sought from your end once all dues are settled.

In light of the above clarifications, we request your support in the transaction as this is in the best interest of all the stakeholders.

Thanking You,

Yours Sincerely



(Arun Jain)

Vice President (PASF)

