

KRO/PASE/NINL-DIPAM/ 288

December 13, 2021

Group Head Debenture & Company Secretary,
SBICAP Trustee Limited,
4th Floor, Mistry Bhavan
122, Dinshaw Vachha Road
Churchgate, Mumbai - 400020

Respected Ma'am,

Sub: Strategic Disinvestment of Neelachal Ispat Nigam Limited (NINL) and claim of Bondholders.

Ref:

1. Your letter no. 3912/STCL/DT/2021-22 dated 22nd November 2021
2. Our Letter no. KRO/PASE/NINL- DIPAM/269 dated 23rd Nov 2021
3. Your Letter no. 4216/STCL/DT/2021-22 dated 8th Dec 2021

This is with reference to your letter dated 8th Dec 2021 on waterfall mechanism for distribution of proceeds of disinvestment. We would like to inform you that as per decision of Inter Ministerial Group (IMG) the Waterfall Agreement has been executed on 27th October 2021 between NINL and divesting shareholders i.e. MMTC, OMC, NMDC, MECON, BHEL and IPICOL wherein the priority of payment to various stakeholders post disinvestment has been agreed upon. As part of the said waterfall agreement, the priority of payment is as below:

1. Payment of Employee Dues
2. Payment of Operational Creditor Dues
3. Financial Creditor Dues (including bond holders)
4. Shareholder Operational Debt
5. Shareholder Financial Debt
6. Divesting equity shareholders

As part of the transaction closure mechanism, NINL would on Completion Date seek no-dues certificate from each of the Financial Creditors (in case of Bondholders, from their respective Debenture Trustees). Such certificate shall certify that post receipt of funds from the Escrow Account as per the above waterfall mechanism, (a) the debt of the relevant Financial Creditor has been discharged by the Infusion Amount to the full and final satisfaction of the relevant Financial Creditor and (b) relevant Financial Creditor shall release any security documents and/or collateral of the Company securing the debt of relevant Financial Creditors.



As we understand from NINL, Trustee unpaid fees are included in Operational Creditors and hence would be paid based on actual dues on date of closure of facilities.


As you are aware, NINL disinvestment has garnered significant bidder interest and we expect that all dues would be settled as part of the above prescribed settlement mechanism.

Additionally, as requested by you, an update on the actions of disinvestment is provided below:

- Shortlisted Bidders are undertaking Due Diligence process
- Site Visit has been completed by all the Bidders
- Request for Proposal has been issued and financial bids have been sought by 4th Week of December 2021. After opening of the Bids, Bidder quoting the highest price will be declared as the qualified bidder subject to Government guidelines.

We estimate that the process of disinvestment would be closed by Q4FY22 with distribution of funds to financial creditors including bond holders as per their dues on date of completion of transaction.

Thanking You,
Yours Sincerely


(Arun Jain)
Vice President (PASF)

Cc:
Assistant General Manager,
Debtenture Trustee
Indian Bank
HO:Legal Dept
Indian Bank
Chennai

