CHAPTER 8

DEBT RESTRUCTURING FOR

INDUSTRIAL GROWTH
ADVANTAGES OF DEBT RESTRUCTURING ARE AS FOLLOWS:\(^1\)

A "Stand Still" clause becomes operational, by virtue of that, the borrower is not under any onus to pay to any Inter-Creditor Agreement -signatory lender and all suits filed by any Inter-Creditor Agreement -signatory lender comes to stand still.

All accounts, subjected to CDR process, would continue to be eligible for fresh financing of funding requirements by the lenders as per their respective normal policy-parameters and eligibility criteria.

The rescheduling of principal alone (i.e. if due interest is recovered in full) will facilitate the account to remain under the existing Asset Classification provided the rescheduled loan/advance is fully secured;

Similarly, the rescheduling of interest alone or together with rescheduling of principal (as said above) will facilitate the account to remain under the existing Asset Classification provided the amount of sacrifice, if any, in the interest-element,

\(^1\) Principles of Management & Analysis of Managerial Functions. Koontz O' Donell.
measured in present value terms, is either written-off or provision is made to the extent of the sacrifice involved.

The asset classification under Corporate Debt Restructuring shall continue to be the bank-specific based on record of recovery of each bank as per the existing prudential norms.

The Sub-standard accounts, subjected to Corporate Debt Restructuring process, will be eligible to be up-graded after the specified period, i.e., a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period. And, then, the amount of provision, made earlier net of the amount provided for the sacrifice in the interest amount in present value terms as aforesaid, may also be reversed.

**WHETHER CORPORATE DEBT RESTRUCTURING CONTEMPLATES ADDITIONAL FINANCE AND / OR CONVERSION OF DEBT INTO EQUITY BY THE LENDERS IN DESERVING CASES.**

**ADDITIONAL FINANCE:**

Additional finance may be provided at the discretion of the lenders in conformity with the CDR package. The providers of additional finance, whether existing lenders or new lenders; shall have a preferential claim, to be worked out under the restructuring package, over the providers of existing finance with respect to the cash flow out of recoveries, in respect of the additional exposure.
CONVERSION:

The Corporate Debt Restructuring Empowered Group, while deciding the restructuring package, should decide on the issue regarding convertibility (into equity) option as a part of restructuring exercise whereby the Banks / Financial Institutions shall have the right to convert a portion of the restructured amount in equity, keeping in view the statutory requirement Under Section 19 of the Banking Regulation Act, 1949, (in the case of Banks) and relevant SEBI regulations. Exemptions from the capital market exposure ceiling prescribed by Reserve Bank of India in respect of such equity acquisitions should be obtained from Reserve Bank of India on a case to case basis by the concerned lenders.

WHAT IS THE STATUS OF APPLICABILITY OF IRAC NORMS IN ACCOUNTS COVERED UNDER CORPORATE DEBT RESTRUCTURING?

The additional finance extended to borrower in terms of restructuring packages approved under the Corporate Debt Restructuring System is exempted from provisioning requirement.

During pendency of the case with the Corporate Debt Restructuring System, the usual asset classification norms for existing outstanding / dues would continue to apply. The process for reclassification of an asset should not stop merely because the case is referred to the Corporate Debt Restructuring Cell. However, if restructuring under the Corporate Debt
Restructuring System take place, the asset classification status should be restored to the position, which existed when the reference to the Corporate Debt Restructuring Cell was made. Consequently, any additional provisions made by Banks towards deterioration in the asset classification status during the pendency of the case with the Corporate Debt Restructuring System may be reversed.
Restructuring and rehabilitation of enterprises is always a very painful process. Liberal separation compensations and retraining and redeployment of redundant employees will have to be organised wherever feasible. Until conclusive decisions are taken one way or the other in regard to restructuring of public enterprises, labour payments cannot be allowed to fall into arrears. On the 31st of July, 1997, Central Public Sector Enterprises coming under seventeen Ministries of the Government of India had an outstanding labour payment arrears of Rs.605 crore. Out of this, Rs.435 crore are statutory dues under Provident Fund, ESIC and Gratuity Laws. Some of these defaults also carry with them criminal liabilities. A demoralised and dehumanised workforce is likely to backlash on the very process of economic reforms.

Industrial sickness is not merely a problem of the public sector in our country. It has become endemic to the country's industry as a whole. The financial and economic dimensions of this sickness have been vividly presented in the working document for this Session. The Session may like to address this problem in its entirety.

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2 Handbook of International Auditing Assurance and Ethics Pronouncements.
There needs to be a sea change in the managerial and industrial relations styles in our country. As our veteran trade union leader Shri Ramanujan has advised, bipartism as a means of industrial conflict resolution should replace tripartism as industrial relations tend to get politicized and impacted by extraneous factors under the latter modality. A new work culture for the managerial as well as other employees should be developed, the hallmark of which should be emphasis on productivity. We compare very poorly in productivity vis-a-vis some of our neighboring countries. Beyond a level, wage enhancements may have to be linked to productivity enhancements. Many successful private sector enterprises do have productivity linked wage structures negotiated with trade unions. We could make efforts to universalize this practice. Our working people, be they managers or others, need to come to terms with truth that the surest social security or shall I call it, job security, for them is the commercial viability of their enterprises. Governments and trade unions also need to devote more attention than before to improving the lot of the unorganized workers who constitute 90 per cent of the workforce of our country.

Economic reforms is simply a matter of living within means. Means can be created only by generation of wealth. Wealth will not get generated unless our resources are deployed efficiently. Even Peoples Republic of China has come to accept this position and hence their adoption of the Socialist Market Economy. If we raise our resources through taxation and if their investments do not yield adequate returns, growth will only be stagnant or negative. Again if our resources are distributed in terms of subsidies without consideration of their
potential for stimulating wealth generation, consequence will be the same viz., stagnation and negative trends and growth. For the first time, a transparent and comprehensive presentation of our subsidy regime has been made by the Ministry of Finance. I hope the House will take the occasion of this Session to reflect on this presentation as well. May be, we can examine the scope for phased removal of at least non-essential subsidies. Of course, we can borrow domestically and from abroad. But, for servicing the borrowable and the repayment of loans, our investment policies should be prudent and capable of generating wealth. This has not been happening in the past. We should make it happen now, particularly because our external debt service ratio is twenty six per cent of our GDP. Our per capita external debt is Rs. 3,286 which is 35 per cent of the per capita income of Rs. 9,321. We are indeed in a debt trap.

People do have apprehensions that because of the so-called "overheating" of the economy due to large flows of foreign capital, we may be confronted with problems like those faced in Mexico and Thailand. So long as we ensure that the flow of foreign capital is channeled to priority sectors like infrastructure for the development of which we can not find our own internal resources of any realistic scale for a long time to come, follow prudent investment policies and take adequate safeguards against fly-by-night operations of foreign investors and have a vigilant monetary policy, we will not go the way Mexico and Thailand have done.

We would also need to bear in mind that our country as yet, does not attract as much flow of foreign funds as other countries like China and our South-East Asian neighbors do.
Our share in foreign direct investment inflows into all developing countries is less than three-fourth of one per cent. Flow of foreign capital and their volatility will be as much favorable to us as the investment climate we generate in our country. We also need to significantly reduce the time gap between clearance of foreign investment proposals and commissioning of projects. My first hand information from China is that between the clearance of investment proposals and commissioning of projects, time gap is not more than three years.

Reorganizing and restructuring of business has been an on-going process over the past few years and corporate have resorted to restructuring in one form or another. The need to restructure has been driven by various factors such as:

Consolidation of business in highly fragmented industries like cement where volumes play a pivotal role in order to make optimum use of the capacities and to achieve economies of scale in marketing.

Companies which have diversified into unrelated business due to the licensing system, regulatory controls and high corporate taxes are now looking at the possibility of grouping of this business under one corporate entity, or moving out of their non-core business.

The same business when spread over various companies of an industrial group proves to be an operational handicap, since in the liberalized scenario it would not be possible to support the same business of another entity in the group, with financing and other related business supports without first having to go through the legal procedures of inter corporate loan, guarantees.
etc. In short restructuring brings about a high degree of focus and flexibility of approach.

The other advantage of encouraging restructuring is to enable weak players in a given industry to seriously consider the option of aligning with or disinvesting in favor of the major players thereby helping industry to consolidate, which in turn prevents sickness in that industry.

For all these reasons, Indian industry needs to significantly restructure and reorganize. The existing legal provisions no doubt covers reorganization and restructuring, but the cost and the delay are so enormous that it either prevents or dissuades the parties from pushing ahead with their proposals.

To cite an example, if a particular business is to be hived off to another corporate entity it involves certain procedures contemplated by Companies Act and Articles of Association of the company which are not difficult to follow. The resolution of Board of Directors, shareholders and even the approval from FIPB happen at a much faster pace, but thereafter things seems to come to a grinding halt because of the delay in getting approvals for inter corporate investments by the Indian entity.
8.3 VIABILITY TECHNICAL

ANNEXURE I

MAIN TERMS AND CONDITIONS FOR ISMT
TERM LOANS / DEBENTURES / WORKING CAPITAL TERM LOANS / FUNDED INTEREST TERM LOANS

The outstanding rupee term loans, foreign currency loans, debentures, working capital term loans and funded interest term loans shall be restructured as follows:

1. Cut off date of April 1, 2003

2. The coupon rate for all rupee term assistance's (term loans and working capital term loans (WCTL)) shall be at 11.0% p.a. payable monthly. Existing Zero debentures would be maintained at Zero Coupon rate.

3. The coupon rate for existing foreign currency term loans shall be at LIBOR + 300 bps

4. Penal charges (compound interest in excess of document rate, liquidated damages and other charges in excess of document rate) on term loans (including WCTL) and working capital outstanding as on the cutoff date are to be waived.

5. All interest overdues (excluding penal charges mentioned above) on term loans, (including WCTL) as on cut off date to be converted into funded interest term loan (FITL) at the
same terms as the rest of the rupee debt

6. All simple interest due from the cutoff date to March 31, 2004 shall be funded and converted into a funded interest term loan (FITL) at the same terms as the rest of the rupee debt.

7. The banks and institutions may convert rupee term loans into foreign currency term loans or provide guarantees for the same on the basis of their individual assessment and subject to the availability of foreign currency funds/line of credit with them. The total cost after conversion into foreign currency loans shall be subject to a maximum of LIBOR+5.0% per annum, throughout the currency of the loans.

8. Any payments on term loans (including WCTL) received during the current financial year (FY 2004) will be adjusted towards overdues as on the cutoff date. If any lender has no overdues on the cut off date, the payments received during the current financial year would be adjusted against payments to be made in the future.

WORKING CAPITAL ASSISTANCE

1. Cut off date of April 1, 2003

2. Coupon rate on rupee based working capital (CC and WCDL) shall be at PLR of individual banks subject to a maximum of 11.0% p.a payable monthly. The interest rate will have an annual reset.
3. Interest in excess of the above paid during FY 2004 (i.e. from the cut off date to March 31, 2004) will be adjusted against past/future dues as the case may be.

4. Excess borrowings as of March 31, 2003 to the extent of Rs 485.0 million as assessed by Bank of India and Bank of Maharashtra for the combined/consolidated entity (ISMT and ISSAL) to be carved as working capital term loan out of the existing limits of Rs 1476.6 million in 2004-05. The working capital term loan will be at the same terms as the remaining term debt. The irregularity in working capital for combined entity shall be shared in proposed sharing pattern in merged entity as decided by consortium members.

5. Need based working capital for 2003-04 and 2004-05 to the extent of Rs 290.00 million as assessed by Bank of India and Bank of Maharashtra for the combined/consolidated entity to be extended to the companies on submission of audited results of 2003-04 subject to the results being broadly in line with the 2003-04 sales and profitability projections. In the interim, the consortium of banks may if they decide, offer adhoc limits based on this assessment and on the basis of their individual assessment to the companies till such time the audited results of 2003-04 are published. The revised working capital limits for combined entity shall be shared in proposed sharing pattern in merged entity as decided by consortium members.
6. Bank charges to be reduced by 33% from the existing levels.

REPAYMENT SCHEDULE FOR TERM LOANS/ DEBENTURES/ WCTL/ FITL

1. All rupee term loans, foreign currency loans, debentures, working capital term loans and funded interest term loans shall be repayable in monthly installments as per the following repayment schedule:

<table>
<thead>
<tr>
<th>Year</th>
<th>% of principal</th>
<th>Year</th>
<th>% of principal</th>
</tr>
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<td>2004-05</td>
<td>0%</td>
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<td>2005-06</td>
<td>5%</td>
<td>2006-07</td>
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</tr>
<tr>
<td>2017-18</td>
<td>11%</td>
<td></td>
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</tr>
</tbody>
</table>

PREFERENCE SHARES:

1. All existing preferences shares of the company shall be redeemable in three annual installments from 2016-17 to 2018-19.
2. The coupon shall continue to be as per the existing rate.

3. The company to undertake not to utilize the cash flows of the company for payment of dividend/redemption of existing cumulative redeemable preference shares (CRPS). The promoters also agree to undertake that they will bring in promoters contribution for making any future dividend payments on the CRPS.

8.4

VIABILITY FINANCIAL

SECURITY ON TERM LOANS/ DEBENTURES/ WCTL/ FITL

The Rupee Loans, WCTL, FITL, FCL, and the like and all interest and other monies in respect of the same shall be secured by first mortgage and charge on all the Company's immovable and moveable properties, both present and future in such form and manner as may be required by Monitoring Committee of lenders, subject to the charges created/to be created in favour of the Company's working capital bankers on current assets for securing borrowings for working capital requirements.

The above mortgage and charge shall rank pari passu with the charges created and/or to be created in favour of all existing term lenders.

The term lenders shall cede 2\textsuperscript{nd} charge on the fixed assets in favour of working capital bankers / lenders / and all working capital bankers / lenders to cede 2\textsuperscript{nd} charge on the Current
Chapter - 8

*Corporate Debt Restructuring For Industrial Growth*

Assets in favour of the other bankers / term lenders through their sanction letter to the company.

The loans shall be additionally secured by an irrevocable and unconditional personal guarantee from Mr. B R Taneja, in a form and manner satisfactory to Monitoring Committee, within 30 days from the date of sanction of this scheme.

In lieu of the personal guarantee not being furnished by Mr. Salil Taneja, he shall step down from the board of ISMT.

6. The loans shall be additionally secured by an irrevocable and unconditional corporate guarantee from Indian Seamless Enterprises Ltd (ISEL), in a form and manner satisfactory to Monitoring Committee, within 30 days from the date of sanction of this scheme.

The loans shall be additionally secured by a pledge of unencumbered shareholding in dematerialized form of the promoter Mr B R Taneja along with a negative lien undertaking for the encumbered shareholding.

While no penal charges for non creation of security will be levied from the cut off date till the date of creation of security or September 30, 2004, whichever is earlier in the event the Company does not create such full and final security in favour of each lender by September 30, 2004 or such other extended period as may be permitted by CDR Empowered Group, the outstanding amount under that particular assistance pending
creation of such full and final security shall carry further interest at the rate of 1.00% per annum calculated from the cut off date till creation of such security.

SECURITY FOR WORKING CAPITAL ASSISTANCE

The working capital facilities, including CC, WCDL, Packing credit, Bill discounting, and the like and all interest and other monies in respect of the same shall be secured a first charge over all current assets of the companies.

The above charge shall rank pari passu with the charges created and/or to be created in favour of all existing working capital lenders.

The term lenders shall cede 2nd charge on the fixed assets in favour of working capital bankers/lenders and all working capital bankers/ lenders to cede 2nd charge on the Current Assets in favour of the other bankers/term lenders through their sanction letter to the company.

The loans shall be additionally secured by an irrevocable and unconditional personal guarantee from Mr. BR Taneja, in a form and manner satisfactory to MC, within 30 days from the date of sanction of this scheme.

In lieu of the personal guarantee not being furnished by Mr Salil Taneja, he shall step clown from the board of ISMT.
The loans shall be additionally secured by an irrevocable and unconditional corporate guarantee from Indian Seamless Enterprises Ltd (ISEL), in a form and manner satisfactory to MC, within 30 days from the date of sanction of this scheme.

The loans shall be additionally secured by a pledge of unencumbered shareholding in dematerialized form of the promoter Mr. B. R Taneja alongwith a negative lien undertaking for the encumbered shareholding.

While no penal charges for non creation of security will be levied from the cut off date till the date of creation of security or September 30, 2004, whichever is earlier, in the event the Company does not create such full and final security in favour of each lender by September 30, 2004 or such other extended period as may be permitted by CDR EG, the outstanding amount under that particular assistance pending creation of such full and final security shall carry further interest at the rate of 1.00% per annum calculated from the cut off date till creation of such security.

ADDITIONAL GENERAL TERMS AND CONDITIONS FOR ISMT

The two companies shall undertake to merge. The appointed date of merger shall be 01.04.04. ISMT and ISSAL shall also appoint a reputed firm of chartered accountants for valuation of shares and arriving at share exchange ratio, taking into account the scheme or restructuring of ISMT and ISSAL. The Companies shall also call a General Meeting or its shareholders to approve the aforesaid proposed merger of ISMT
and ISSAL. Further, the Companies shall undertake to complete all regulatory/statutory/legal formalities required to effect the aforesaid merger as per schedule II attach to the letter.

The companies shall dispose surplus assets (as detailed in Schedule I wherein the expected value is Rs 50.0 million) and bring in the proceeds of the same in the Trust and Retention accounts (TRA). The CDR Empowered Group shall reserve the right to cancel suspend, reduce or modify, including withdrawal with retrospective effect, all or any of the reliefs and concessions and/or amend or vary the terms and conditions thereof, in the event the companies fail to bring in this contribution, as aforesaid, by September 30, 2004.

3. The Promoters shall bring in an aggregate amount of Rs. 20.0 million as promoters contribution. The first trench of Rs 10.0 million would be brought in not later than three months from the date of sanction of the scheme and the balance would be brought in before March 31, 2005.

The promoters shall also arrange to bring in funds, on terms satisfactory to the MC to meet any shortfall in the means of financing and/or to meet the cash losses, if any by the company during the period of the scheme.

The current package will supersede the earlier restructuring package (envisaged in the CDR proposal of FY 2003) and implemented by some lender/s.

The company shall arrange to reduce the coupon rate on
the IFC (W) foreign currency loan (non CDR member) to LIBOR + 200 bps.

The Companies/ Merged/Consolidated entity ("Company" hereafter) shall take prior written approval of the CDR EG for incurring any capital expenditure exceeding the budgeted amount in any year.

The Company shall not undertake any new project or expansion or make any investments or take assets on lease or any divestments or sale without the prior approval the CDR EG.

The Company shall not pay any dividend on the equity shares without the prior written approval of the Monitoring Committee.

The Company will escrow all its receivables (including dividend income, non operational income, extraordinary income etc.) into Trust and Retention accounts (TRA) held with its lead working capital banker/s from which payments due would be made in the following order. The Monitoring Committee shall periodically review the following order.

- Budgeted Operating and Statutory dues/expenses (including expenses relating to the merger)
- Interest & charges on Term Loans/Working Capital Assistance
- Budgeted Capital Expenditure
- Repayment of Secured Lenders
- Accelerated repayments to secured lenders
Dividend on preference shares
Redemption of preference shares
Balance available to company

The Company shall have the right to prepay any or all loans without prepayment premium during the currency of the assistance's.

Term Lenders shall have the right to convert all outstanding debt amounts into equity at par only in event of default.

The company shall broad base it's Board of Directors & audit sub-committee and strengthen its management, particularly the finance team set-up in consultation with and to the satisfaction of the monitoring committee.

The company shall appoint an independent finance director to the satisfaction of the monitoring committee.

The lead term lenders shall have a right to appoint/retain one or more nominee director/s on the Board of Directors of the company till all its loans are fully repaid.

In case the cash flows of the company so warrant, the lenders at their discretion may seek accelerated repayments of their facilities.

The lenders would have the right of recommendation in respect of the loss suffered by them on account of the proposed
scheme if the profitability and cash flows permit.

Lenders shall have the right to appoint/retain a concurrent auditor to oversee and monitor this restructuring scheme and carry out a concurrent audit of the accounts of the company. All costs, charges and expenses of the concurrent auditor shall be borne by the Company. The term of concurrent auditor would be extended from time to time on the recommendations of Monitoring Committee.

Lenders shall have the right to appoint/retain a stock auditor for submission of a stock audit report on a quarterly basis. All costs, charges and expenses of the stock auditor shall be borne by the Company. The stock auditor would continue for duration as is satisfactory to lenders.

The company would make an application for rescheduling of the sales tax deferrals in line with the proposed restructuring.

The company shall appoint an external counsel to complete the documentation, creation of security and complete all legal formalities as required under this restructuring scheme. All costs, charges and expenses of the external counsel shall be borne by the Company. The external counsel would continue till all the legal formalities required under this restructuring scheme are complete, subject to satisfaction of lenders.

Lenders shall reserve the right to cancel, suspend, reduce or modify, including withdrawal with retrospective effect, all or
any of the reliefs and concessions and/or amend or vary the terms and conditions thereof, in the event of default by the company.

In case the Company commits a default in payment or repayment of principal amount of the Assistance or guarantee commission, interest thereon, Lenders and/or the Reserve Bank of India (RBI) will have an unqualified right to disclose or publish the details of the default and the name of the Company and its directors as defaulters in such manner and through such medium as lenders or RBI in their absolute discretion may think it fit.

The following individually and severally constitute Special Events of Default:

- Default on any obligations to banks/institutions as per the revised terms of sanction.
- Violation of any or all of the undertakings given by ISMT/ISSAL/Consolidated entity.
- Violation of any or all of the undertakings given by the promoters.
- ISMT/ISSAL/Consolidated entity not purchasing and/or renewing the, insurance policies.
- Withholding of important information or providing any misleading information by Company/promoters that is detrimental to the interests of the banks/institutions.
- Undertaking any new project/expansion by the promoters without the prior written consent of the banks/institutions, which might be given conditionally.
Any sale, removal or disposal of the assets in any manner in any financial year of any division without the prior consent of the banks/institutions/board.

The promoters/company shall undertake that any unsecured loans, present, or future shall not be repaid without the prior written permission of the lenders. Further the company shall not pay any interest on the above unsecured loans till all term debt obligations, including interest and principal repayment of ISMT/ISSAL/Consolidated entity are satisfied.

Repayments (other than of a statutory nature or from cash flows outside of the CDR cashflows) can not be made on a priority basis in variation with the repayment schedule above to any Non-CDR lender or any lender who has not approved the above restructuring package except with the approval of the Monitoring Committee.

All other terms and conditions stipulated by the lenders respectively for its assistance's, not contradicting or vitiating the terms mentioned herein above, shall continue to apply mutatis mutandis.

8.5  
VIABILITY MARKET

MAIN TERMS AND CONDITIONS FOR ISSAL
TERM LOANS/ DEBENTURES/ WORKING CAPITAL TERM LOANS/ FUNDED INTEREST TERM LOANS

The outstanding rupee term loans, foreign currency loans,
debentures, working capital term loans and funded interest term loans shall be restructured as follows:

1. Cut off date of April 1, 2003

2. The coupon rate for all rupee term assistance's (term loans and working capital term loans (WCTL)) will be at 11.0% p.a payable monthly or current document rate whichever is lower.

3. The coupon rate for existing foreign currency term loans will be at LIBOR + 300 bps

4. Penal charges (compound interest in excess of document rate, liquidated damages and other charges in excess of document rate) on term loans (including WCTL) and working capital outstanding as on the cutoff date would be waived.

5. All interest over dues (excluding penal charges mentioned above) on term loans (including WCTL) as on cut off date would be converted into funded interest term loan (FITL) at the same terms as the rest of the rupee debt.

6. All simple interest due from the cutoff date to March 31, 2004 shall be funded and converted into a funded interest term loan (FITL) at the same terms as the rest of the rupee debt.

7. The banks and institutions may convert rupee term loans
into foreign currency term loans or provide guarantees for the same on the basis of their individual assessment and subject to the availability of foreign currency lines/funds with them. The total cost after conversion into foreign currency loans shall be subject to a maximum of LIBOR-1-5.0% per annum, throughout the currency of the loans.

8. Any payments on term loans (including WCTL) received during the current financial year (FY 2004) will be adjusted towards overdue as on the cutoff date. If any lender has no overdues on the cut off date, the payments received during the current financial year would be adjusted against payments to be made in the future.

**SMS LOAN GUARANTEE**

The companies shall make all efforts to refinance the SMS loan with SBI, Frankfurt and/or other lenders as a foreign currency loan. The existing guarantors shall extend their guarantees for the period of the rollover.

In the event that the loan cannot be refinanced rolled over, the existing guarantors would fund the repayment of the loan as a rupee term loan with the same terms of the remaining rupee term debt i.e.

- Coupon at the rate of 11% p.a. payable monthly
- Repayment in monthly installments as per the repayment schedule below
Chapter 8  Corporate Debt Restructuring For Industrial Growth

The guarantors can offer foreign currency loans in lieu of rupee term loans on the basis of their individual assessment and subject to the availability of foreign currency lines / funds with them.

WORKING CAPITAL ASSISTANCE

Cutoff date of April 1, 2003

Coupon rate on rupee based working capital (CC and WCDL) shall be at PLR of individual banks subject to a maximum of 11.0% p.a payable monthly. The interest rate will have an annual reset.

Interest in excess of the above paid during FY 2004 (i.e. From the cut off date to March 31, 2004) will be adjusted against past/future dues as the case may be.

Excess borrowings as of March 31, 2003 to the extent of Rs 485.0 million as assessed by Bank of India and Bank of Maharashtra for the combined entity/ consolidated entity to be carved as working capital term loan out of the existing limits of Rs 1476.6 million in 2004-05. The working capital term loan will be at the same terms, as the remaining term debt (including WCTL). The irregularity in working capital for combined entity shall be shared in proposed sharing pattern in merged entity as decided by consortium members.

Need based working capital for 2003-04 and 2004-05 to the extent of Rs 290.0 million as assessed by Bank of India and
Bank of Maharashtra for the combined entity/consolidated entity to be extended to the companies on submission of audited results of 2003-04 subject to the results being broadly in line with the 2003-04 sales and profitability projections. In the interim, the consortium of banks may if they decide, offer ad hoc limits based on this assessment and on the basis of their individual assessment to the companies till such time the audited results of 2003-04 are published. The revised working capital for combined entity shall be shared in proposed sharing pattern in merged entity as decided by consortium members.

Bank charges to be reduced by 33% from the existing levels.

**REPAYMENT SCHEDULE FOR TERM LOANS/ DEBENTURES/ WCTL/ FITL**

All rupee term loans, foreign currency loans, debentures, working capital term loans and funded interest term loans shall be repayable in monthly installments as per the following repayment schedule:

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<td>2016-17</td>
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</tr>
</tbody>
</table>
PREFERENCE SHARES:

All existing preference shares of the companies shall be redeemable in three annual installments from 2016-17 and 2018-19.

The coupon shall continue to be as per the existing rate.

8.6 VIABILITY PROFITABILITY (WITH ZERO COST OF EXCISE & CUSTOM)

SECURITY ON TERM LOANS/ DEBENTURES/ WCTL/ FITL

The Rupee Loans, WCTL, FITL, FCL, and the like and all interest and other monies in respect of the same shall be secured by first mortgage and charge on all the Company's immovable and moveable properties, both present and future in sue form and manner as may be required by Lenders, subject to the charges created/to be created in favour of the Company's working capital bankers on current assets for securing borrowings for working capital requirements.

The above mortgage and charge shall rank pari passu with the charges created and/or to be created in favour of all existing term lenders.

The term lenders shall cede 2nd charge on the fixed assets in favour of working capital bankers / lenders and all working capital bankers/lenders to cede 2nd charge on the Current
Assets in favour of the other bankers/term lenders through their sanction letter to the company.

The loans shall be additionally secured by an irrevocable and unconditional personal guarantee from Mr. B R Taneja, in a form and manner satisfactory to MC, within 30 days from the date of sanction of this scheme.

In lieu of the personal guarantee not being furnished by Mr. Salil Taneja, he shall step down from the board of ISMT.

The loans shall be additionally secured by an irrevocable and unconditional corporate guarantee from Indian Seamless Enterprises Ltd (ISEL), in a form and manner satisfactory to MC, within 30 days from the date of sanction of this scheme.

The loans shall be additionally secured by a pledge of unencumbered shareholding in dematerialized form of the promoter Mr. B R. Taneja along with a negative lien undertaking for the encumbered shareholding.

While no penal charges for non creation of security will be levied from the cut off date till the date of creation of security or September 30, 2004, whichever is earlier, in the event the Company does not create such full and final security in favour of each lender by September 30, 2004 or such other extended period as may be permitted by Monitoring Committee, the outstanding amount under that particular assistance pending creation of such full and final security shall carry further interest at the rate of 1.00% per annum calculated from the cut off date till creation of such security.
SECURITY FOR WORKING CAPITAL ASSISTANCE

The working capital facilities, including CC, WCDL, Packing credit, Bill discounting, and the like and all interest and other monies in respect of the same shall be secured a first charge over all current assets of the companies.

The above charge shall rank pari passu with the charges created and/or to be created in favour of all existing working capital lenders.

The term lenders shall cede 2nd charge on the fixed assets in favour of working capital bankers/lenders and all working capital bankers/lenders to cede' 2nd charge on the Current Assets in favour of the other bankers/term lenders through their sanction letter to the company.

The loans shall be additionally secured by an irrevocable and unconditional personal guarantee from Mr. BR Taneja, in a form and manner satisfactory to MC, within 30 days from the date of sanction of this scheme.

In lieu of the personal guarantee not being furnished by Mr. Salil Taneja, he shall step down from the board of ISMT.

The loans shall be additionally secured by an irrevocable and unconditional corporate guarantee from Indian Seamless Enterprises Ltd (ISEL), in a form and, manner satisfactory to MC, within 30 days from the date of sanction of this scheme.
The loans shall be additionally secured by a pledge of unencumbered shareholding in dematerialized form of the promoter Mr. B R Taneja along with a negative lien undertaking for the encumbered shareholding.

While no penal charges (or non creation of security will be levied from the cut of date till the date of creation of security or September 30, 2004, whichever is earlier, in the event the Company does not create such full and final security in favour of each lender by September 30, 2004 or such other extended period as may be permitted by Monitoring Committee, the outstanding amount under that particular assistance pending creation of such full and final security shall carry further interest at the rate of 1.00% per annum calculated from the cut off date till creation of such security.

**SCHEDULE I**

**DETAILS OF SURPLUS ASSETS TO BE SOLD**

(AS GIVEN AND ESTIMATED BY THE COMPANY)

<table>
<thead>
<tr>
<th>Rs Million</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Flats at Ahmednagar</td>
<td>6.0</td>
</tr>
<tr>
<td>Vilas Sadan, ISMT Hostel</td>
<td></td>
</tr>
<tr>
<td>Nagar-Manmad Road</td>
<td></td>
</tr>
<tr>
<td>Near Preamdan Hotel</td>
<td></td>
</tr>
<tr>
<td>Savedi, Ahmednagar – 414001</td>
<td></td>
</tr>
<tr>
<td>2 Bandra Kurla Complex office</td>
<td>44.0</td>
</tr>
<tr>
<td>&quot;Metropolitan&quot;</td>
<td></td>
</tr>
<tr>
<td>Mumbai (5604 Sq Ft)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>50.0</td>
</tr>
</tbody>
</table>
SCHEDULE II
ROADMAP TO MERGER OF THE TWO COMPANIES

The following table sets out the key events and expected timeframes for the merger of ISMT and ISSAL. The sanction of the Corporate Debt Restructuring package by the various lenders is assumed to be the zero date “X”.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Event / Action</th>
<th>Time frame (on/by)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Board meetings of ISMT and ISSAL to appoint consultants / chartered accountants for advising corporate restructuring of ISMT and ISSAL and to undertake the valuation</td>
<td>X + 15 days</td>
</tr>
<tr>
<td>2.</td>
<td>Board meetings of ISMT and ISSAL to approve the Scheme and valuation reports submitted by the consultants</td>
<td>X + 60 days</td>
</tr>
<tr>
<td>3.</td>
<td>Stock exchange approval of the scheme</td>
<td>X + 105 days</td>
</tr>
<tr>
<td>4.</td>
<td>Filing of application with the Bombay High Court for convening meeting of creditors and shareholders</td>
<td>X + 120 days</td>
</tr>
<tr>
<td>5.</td>
<td>Shareholders and creditors meetings</td>
<td>X + 180 days</td>
</tr>
<tr>
<td>6.</td>
<td>Admission of the Petitions and determination of the date of final hearing.</td>
<td>X + 195 days</td>
</tr>
</tbody>
</table>
Chapter 8

Corporate Debt Restructuring For Industrial Growth

7. Final hearing of the Bombay High Court  
   X+220 days

8. Obtain certified copies of the final drawn up orders  
   X+240 days

MONTHLY MONITORING REPORT

Advances accounts with aggregate limits (fund based and non-fund based) of Rs. 10 crores and above

REPORT FOR THE MONTH OF MARCH 2006 AS OF THE LAST DAY

BRANCH       REGION       ZONE
C.B.B. PUNE   PUNE         MAHA. &
GOA

A BASIC INFORMATION

1. Name of the Account : ISMT Ltd.
   As per the Hon'ble High Court's order dated 20.10.2005 The Indian Seamless Metal Tubes Ltd is merged with Indian Seamless Steels & Alloys Ltd and thereafter name is changed as ISMT Ltd.)
<table>
<thead>
<tr>
<th></th>
<th>Asset Classification</th>
<th>Present Credit Rating</th>
<th>Date of Balance</th>
<th>Date of Balance</th>
<th>Sheet on which previous rating is based</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Standard</td>
<td>BBB (for merged entity)</td>
<td>30.09.05</td>
<td>31.03.05</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>B (for merged entity)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Reasons for decline</td>
<td>Not Applicable in rating</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chapter – 8

Corporate Debt Restructuring For Industrial Growth

6  Particulars of existing sanction / approval
    By Authority
    On (Date) Next review due on
    (Date)

    MCB 14.02.06 14.02.07

7  If due date of review is falling within next 30 days, whether submitted, if not reasons for non-submission and present status)
    If, yes, date of submission and to whom
    Next review due on (Date)
    14.02.07

8  Banking Arrangement
    Consortium

    Leader
    IOB 23.89%
    BOB’s 21.57%

B DETAILS OF FACILITIES ENJOYED

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Nature of regular credit facilities</th>
<th>Limit Sanctioned</th>
<th>Outstanding as on 31.03.06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FB NFB Rs. Loan FCNR (B) Loan NFB</td>
<td>FB NFB Rs. Loan</td>
<td>FCNR (B) Loan NFB</td>
</tr>
</tbody>
</table>

249
## Corporate Debt Restructuring For Industrial Growth

### Chapter - 8

#### 1. WCTL-I  3.92  3.78

#### 2. WCTL-II  6.18  6.02

#### 3. WCTL-III  3.42  3.31

#### 4. WCTL-IV  3.79  3.75

#### 5. FITL-I  0.43  0.42

#### 6. FITL-II  0.38  0.37

#### 7. Term Loan  15.13  14.82

#### 8. C/WCDL  24.56  3.40

#### 9. BP/BD  1.36  0

#### 10. DBD  1.10  0

#### 11. FBP/FBD#  -  1.80

#### 12. PCFC#  -  16.35

#### 13. BD (outside MPBF)  Without ceiling -

#### 14. AB -

#### 15. LC  28.95

#### 16. BG  12.10

**TOTAL  60.27  41.05  54.02**

### DETAILS OF ADHOC FACILITIES ENJOYED

<table>
<thead>
<tr>
<th>Nature of credit facilities</th>
<th>Limit Sanctioned</th>
<th>Outstanding as on 31.12.05</th>
<th>Details of sanction</th>
<th>If not adjusted on due date reasons and action taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>FB</td>
<td>NFB</td>
<td>FB</td>
<td>NFB</td>
<td>By Due Date</td>
</tr>
<tr>
<td>1.</td>
<td>----------------</td>
<td>NIL</td>
<td>-----------------</td>
<td>--------------------------------------------------</td>
</tr>
</tbody>
</table>

250
ADHOC FACILITIES SINCE HAVE BEEN SETTLED.

C  Monitoring : Information

1  Terms & conditions
   not complied, if any with specific mention about creation / extension of mortgage / charge over FAs/CAs. (The Pari Passu charge by way of immovable property of the company, which was pending for long time, has been created for Baramati and Ahmednagar and Jejuri properties)

2  1. Date of last inspection / verification of security, stock and book debts etc.

   Carried out by BOM on 24.05.05 for erstwhile ISMTL.

2. Any shortfall or

   Report received and no shortfall noticed

251
Chapter - 8

Corporate Debt Restructuring For Industrial Growth

discrepan
cies
noticed, if
so, give
details

<table>
<thead>
<tr>
<th>3. Number of such inspection</th>
<th>One</th>
</tr>
</thead>
<tbody>
<tr>
<td>such inspection is carried out during current financial year</td>
<td></td>
</tr>
</tbody>
</table>

| 3 | 1. Whether interest / installment serviced till last month | YES |
| 2. If not serviced give amount and age of arrears | NA |
| 3. Steps taken to | NA |

252
4

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Any</td>
<td>NIL</td>
</tr>
<tr>
<td></td>
<td>Advance Bills outstanding, if so, give amount, date since when outstanding and the likely date of recovery / adjustment.</td>
<td></td>
</tr>
</tbody>
</table>

2. Any invoked guarantee outstanding, if so, | NIL |
amount of liability there under and steps taken to recover the amount along with likely date of adjustment.

3. Number, amount and age of overdue bills, if any, under BP/BD or other similar facility, along with likely date of adjustment.

5 Whether any ad hoc / excess / TOD not liquidated on due date. If so, give details along with likely date of adjustment.

6 Date of last meeting with the customer / consortium Last consortium meeting held on
Chapter - 8

Corporate Debt Restructuring For Industrial Growth

Any adverse report from the co-lenders / market about the borrowers, if so, furnish a gist

Gist of any adverse feature noticed regarding sales, market trend, cost, sale price, demand of the products or any other business related development, including company's performance results [half yearly/ yearly] with comments on achievement of target etc.

During 2003-2004 both the companies were incurring losses. However during 2004-2005 ISSAL was in business related profit and ISMTL was in development, including losses.

The financial performance of the merged entity is satisfactory and as under:

<table>
<thead>
<tr>
<th>Period</th>
<th>Net Sales</th>
<th>Net Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-2004</td>
<td>467.93</td>
<td>(8.54)</td>
</tr>
<tr>
<td>2004-2005</td>
<td>892.25</td>
<td>24.35</td>
</tr>
<tr>
<td>Dec. 2005</td>
<td>783.00</td>
<td>92.00</td>
</tr>
</tbody>
</table>

Any other major adverse features observed / noticed prejudicing the Bank's

The Companies were incurring losses. However during the
interest, if so, give details current year the
performance of the
company is improved and it is above CDR
projections.

10 Whether turnover in the account is satisfactory. It not, give the observation

11 Is the submission of monthly / quarterly : statements such as stock/Book Debt statement :/. QIS/MSOD etc timely

12 Whether there are instances of frequent bouncing of cheques issued by or deposited by the borrower.

14 Does the account reveal any unusual transactions during the month, which are consistent with nature/size of operations of the borrower company

15 Any significant changes in the current year the performance of the company is improved and it is above CDR projections.

Satisfactory

Regular

No such instances

Not observed

The Indian Seamless
the business profile of the borrower

Metal Tubes Ltd and Indian Seamless Steels and Alloys Ltd have merged as per Hon'ble High Court order dated 20.10.2005 to form new entity in the name of ISMT Ltd.

Whether the account has been restructured in the past and if so whether the terms of restructure have been fully implemented and borrower is making repayments as per revised scheme/schedule.

Account is restructured as per CDR package. Our Bank has sanctioned the CDR package on 03.08.2004 for both the companies. As per sanction terms 50% of additional working capital limits released on 28.02.2005 after carving out of WCTL and FITL. Remaining 50% WC is yet to be released.

Whether the account qualified for reference to COR. If so details of steps taken / proposed if any.

Yes. CDR package is sanctioned on 03.08.2004. However it is partially implemented.
<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Developments / action taken during the month to address/rectify outstanding / pending issues/ matter. In case concurrent auditor has been appointed for the account, gist of his observations and action taken to address them.</td>
<td>During consortium meeting held on 04.03.2006, UBI and CBI were exited from the consortium at per the consolidation plan of the company. IDBI Bank has been inducted in the consortium and Indian Overseas Bank has taken over as the leader of the consortium of the merged entity.</td>
</tr>
<tr>
<td>19</td>
<td>Observations / Remarks of GM/ED/CMD in report for the month of Nov. 2005</td>
<td>Comments of the branch and details of action taken to address these observations I remarks.</td>
</tr>
<tr>
<td>20</td>
<td>Ensure compliance of terms of sanction of CDR.</td>
<td>The Pari Passu charge by way of mortgages of immovable properties of the company, which were pending for long time, have been created for Jejuri, Baramati and Ahmednagar</td>
</tr>
</tbody>
</table>
properties
on 23.09.2005,
28.11.2005 and
13.12.2005 respectively.

As per sanction terms 50% of additional working capital limits released on 28.02.2005. Remaining 50% are also released since all major terms and conditions of the sanction are fulfilled by the company.
**TERMS AND CONDITIONS NOT COMPLIED, IF ANY**

**ACCOUNT: THE INDIAN SEAMLESS METAL TUBES LTD**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Details of un-complied terms/ conditions of sanction or other issues pending</th>
<th>Authority under which disbursement allowed pending compliance, along with period allowed for completion of formalities</th>
<th>Action taken during the month to complete the formalities and the present status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Creation of 1st Pari Passu charge on the fixed assets of the company to secure WCTL / FITL</td>
<td>As per sanction terms period upto 30.11.05 was allowed to the company for creation of charge by way of mortgage.</td>
<td>The Pari Passu charge by way of mortgages of immovable properties of the company, which were pending for long time, have been created for Jejuri, Baramati and Ahmednagar properties on 23.09.2005, 28.11.2005 and 13.12.2005 respectively. Only one mortgage was created late and in view of genuine</td>
</tr>
</tbody>
</table>
difficulties of the company, delay is condoned as per sanction dated 14.02.2006

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>TRA Account / Sell of property at Mumbai and Ahmednagar / Appointment of independent Finance Director</td>
<td>We have released 50% additional WC limits since major terms and conditions are fulfilled.</td>
</tr>
</tbody>
</table>

8.7 IMPACT ON SHARE PRICE OF LISTED COMPANIES BEFORE AND AFTER CDR

ADDITIONAL GENERAL TERMS AND CONDITIONS FOR ISSAL

The two companies shall undertake to merge. The appointed date of merger shall be 1.4.2004. ISMT and ISSAL shall also appoint a reputed firm of chartered accountants for valuation of shares and arriving at share exchange ratio) taking into account the scheme or restructuring of ISMT and ISSAL. The Companies shall also call a General Meeting of its shareholders to approve the aforesaid proposed merger of ISMT and ISSAL. Further, the Companies shall undertake to complete all regulatory/statutory/legal formalities required to effect the
aforesaid merger as per schedule II attached to the letter.

The companies shall dispose surplus assets (as detailed in Schedule I wherein the expected value is Rs 50.0 million) and bring in the proceeds of the same in the Trust and Retention accounts (TRA). The lenders shall reserve the right to cancel, suspend, reduce or modify, including withdrawal with retrospective effect, all or any of the reliefs and concessions and/or amend or vary the terms and conditions thereof) in the event the companies fail to bring in this contribution) as aforesaid, by September 30, 2004.

The Promoters shall bring in an aggregate amount of Rs. 20.0 million as promoters contribution. The first trench of Rs 10.0 million would be brought in not later than three months from the date of sanction of the scheme and the balance would be brought in before March 31, 2005.

The promoters shall also arrange to bring in funds, on terms satisfactory to the lenders to meet any shortfall in the means of financing and/or to meet the cash losses) if any by the company during the period of the scheme.

The Companies/ Merged/Consolidated entity ("Company" hereafter) shall take prior written approval of the monitoring committee for incurring any capital expenditure exceeding the budgeted amount in any year.

The Company shall not undertake any new project or expansion or make any investments or take assets on lease or
any divestments or sale without the prior approval the monitoring committee.

The Company shall not pay any dividend on the equity shares without the prior written approval of the monitoring committee.

The Company will escrow all its receivables (including dividend income, non-operational income, extraordinary income etc.) into Trust and Retention accounts (TRA) held with its lead working capital banker/s from which payments due would be made in the following order. The following order shall be periodically reviewed by the monitoring committee.

- Budgeted Operating and Statutory dues/expenses (including expenses relating to the merger)
- Interest & charges on Term Loans/Working Capital Assistance
- Budgeted Capital Expenditure
- Repayment of Secured Lenders
- Accelerated repayments to secured lenders
- Dividend on preference shares
- Redemption of preference shares
- Balance available to company

The Company shall have the right to prepay any or all loans without prepayment premium during the currency of the assistances.
Term Lenders shall have the right to convert all outstanding debt amounts into equity at par only in event or default.

The company shall broaden its Board of Directors & audit sub-committee and strengthen its management, particularly the finance team set-up in consultation with and to the satisfaction of the monitoring committee.

The company shall appoint an independent finance director to the satisfaction of the monitoring committee.

The lead term lenders shall have a right to appoint/retain one or more nominee director/s all the Board of Directors or the company till all its loans are fully repaid.

In case the cash flows of the company so warrant, the lenders at their discretion may seek accelerated repayments of their facilities.

The lenders would have the right of recommendation in respect of the loss suffered by them on account of the proposed scheme if the profitability and cash flows permit.

Lenders shall have the right to appoint/retain a concurrent auditor to oversee and monitor this restructuring scheme and conduct a concurrent audit of the accounts of the company. All costs, charges and expenses of the concurrent auditor shall be borne by the Company. The concurrent auditor would continue for a duration as is satisfactory to lenders.
Lenders shall have the right to appoint/retain a stock auditor for submission of a stock audit report on a quarterly basis. All costs, charges and expenses of the stock auditor shall be borne by the Company. The stock auditor would continue for duration as is satisfactory to lenders.

The company would make an application for rescheduling of the sales tax deferrals in line with the proposed restructuring.

The company shall appoint an external counsel to complete the documentation, creation of security and complete and legal formalities as required under this restructuring scheme. All costs, charges and expenses of the external counsel shall be borne by the Company. The external counsel would continue till all the legal formalities required under this restructuring scheme are complete, subject to satisfaction of lenders.

Lenders shall reserve the right to cancel, suspend, reduce or modify, including withdrawal with retrospective effect, all or any of the reliefs and concessions and/or amend or vary the terms and conditions thereof, in the event of default by the company.

In case the Company commits a default in payment or repayment of principal amount of the Assistance or guarantee commission, interest thereon, Lenders and/or the Reserve Bank of India (LILLI) will have an unqualified right to disclose or publish the details of the default and the name of the Company.
and its directors as defaulters in such manner and through such medium as lenders or RBI in their absolute discretion may think it fit.

The following individually and severally constitute Special Events of Default

a) Default on any obligations to banks/institutions as per the revised terms of sanction.

b) Violation of any or all of the undertakings given by ISMT/ISSAL/ Consolidated entity.

c) Violation of any or all of the undertakings given by the promoters.

d) ISMT/ISSAL/Consolidated entity not purchasing and / renewing the insurance policies.

e) Withholding of important information or providing any misleading information by Company/promoters that is detrimental to the interests of the banks/institutions.

f) Undertaking any new project/expansion by the promoters without the prior written consent of the banks/institutions, which might be given conditionally.

g) Any sale, removal or disposal of the assets in any manner in any financial year of any division without the prior
consent of the banks/institutions board

The promoters/company shall undertake that any unsecured loans, present or future shall not be repaid without the prior written permission of the lenders. Further the company shall not pay any interest on the above unsecured loans till all term debt obligations, including interest and principal repayment of ISMT/ISSAL/Consolidated entity are satisfied.

Repayments (other than of a statutory nature or from cash flows outside of the CDR cash flows) cannot be made on a priority basis in variation with the repayment schedule above to any Non-CDR lender or any lender who has not approved the restructuring package except with the approval of the Monitoring Committee.

All other terms and conditions stipulated by the lenders respectively for its assistances not contradicting or vitiating the terms mentioned hereinabove, shall continue to apply mutatis mutandis.

The rights or lenders/Banks mentioned in the package conditions shall be exercised. By the lenders only after referring the matter to Monitoring committee and duly approved by CDR Empowered Group.