

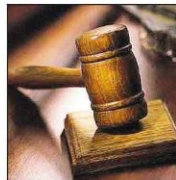
# New board of IL&FS may sell group cos separately

## Puts Two Financial Securities Subsidiaries On The Block

TIMES NEWS NETWORK

**Mumbai:** In an indication that IL&FS Group's multitudinous companies will be sold separately, the new board has put two financial services companies on the block. These are IL&FS Securities Services (ISSL), which the earlier board had agreed to sell to IndusInd Bank, and ISSL Settlement & Transaction Services. According to sources, restarting the sale process for ISSL is in keeping with the new board's policy of looking at everything with a fresh pair of eyes. According to sources, the valuation in the earlier IndusInd deal to acquire ISSL will provide a benchmark.

"In order to ascertain market interest, and to examine feasibility of maximisation of value in an orderly and trans-



**The new board has appointed Arpwood Capital and JM Financial as financial & transaction advisers, along with Alvarez & Marsal as resolution consultants**

parent manner, the board, while continuing to evaluate all options, has today initiated the process of exploring the sale of an asset engaged in the securities services business," said the company in a statement. The move to put these two businesses for sale separately comes a day ahead of the hearing at the National Company Law Tribunal (NCLT) on Tuesday.

Last month, the government had taken control of IL&FS by petitioning the

NCLT to sack the board and appoint a new one after the company started defaulting on its debt. The IL&FS default gained systemic proportions after investors turned cautious on lending to finance companies, causing a liquidity crunch.

After replacing the board and management, the government had obtained a three-month moratorium on debt repayment to enable the new board to come out with a turnaround plan. This compelled

IndusInd Bank to approach the tribunal, seeking release of interest payment to avoid declaring the company as a non-performing asset. The NCLT will hear the private bank's petition on November 13.

Earlier, while submitting its report to the NCLT, the new IL&FS board headed by Uday Kotak had indicated three options before the board — resolution at the group level, sale of business verticals, or the sale of individual assets. The decision to put two companies on the block seems to indicate that the board is exploring the last option. "Many of the group companies are doing very well and, when sold on a standalone basis, their business will be unaffected by their parent's problems," said a banker.

### CRISIS AFTERMATH

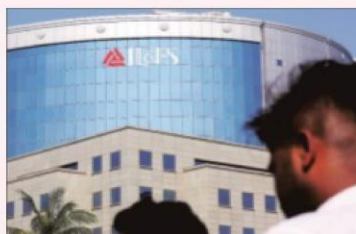
# IL&FS initiates steps for asset monetisation

**Announcement means an agreement struck in June by IL&FS' erstwhile board to sell ISSL to IndusInd Bank is nullified**

**FE BUREAU**  
Mumbai, November 12

**IL&FS ON MONDAY** said it has started the process to raise funds from the sale of its assets. In a statement, the company said its new board of directors has decided to solicit expressions of interest (EOIs) to assess the interest for the sale of its stake in IL&FS Securities Services (ISSL) and in ISSL Settlement & Transaction Services (ISTSL).

The announcement means that an agreement struck in June by IL&FS' erstwhile board to sell ISSL to IndusInd Bank is nullified, and the process of disposing of the



subsidiary will start afresh.

ISSL, incorporated in July 2006, is a capital markets intermediary for professional clearing, depository and custodial services. It services both retail and institutional clients, foreign portfolio investors and foreign institutional investors. ISSL Settlement & Transaction Services provides professional clearing services in the commodities derivatives segment.

IL&FS said any agreement for the sale of the two assets will be subject to requisite

### 'CAN'T REPAY ₹31L'

**November 11:** In an exchange filing late on Monday, IL&FS said it was unable to repay an amount of ₹31 lakh towards principal and interest on a deposit made with the company. The due date for the payment was November 8.

approvals (including an approval from the National Company Law Tribunal (NCLT)), before the transactions are implemented.

IL&FS further said it has appointed Arpwood Capital and JM Financial as the financial and transaction advisers, along with Alvarez & Marsal as resolution consultants.

On October 1, IL&FS board was suspended under the powers of Section 242 of the Companies Act 2013.

The government argued that the newly appointed board is likely to face problems relating to IL&FS and its group companies.



# IL&FS to sell stake in two subsidiaries



**ADVAIT RAO PALEPU**

Mumbai, November 12

The board of directors of Infrastructure Leasing and Financial Services (IL&FS) has decided to sell the firm's stake in IL&FS Securities Services (ISSL) and ISSL Settlement and Transaction Services (ISTSL).

The two subsidiaries are engaged in professional clearing services, and equity and other derivatives, and commodities derivatives services, respectively, said a spokesperson.

Arpwood Capital and JM Financial are the financial and transaction advisors, while Alvarez and Marsal are the resolution consultants.

A statement from the board says they are "cognizant that these steps are required to advance the process for putting together resolution plan(s) for the IL&FS group, based on market interest and price discovery for various assets. Any binding transaction for the sale of assets, as well as the resulting resolution plan(s),

will be subject to requisite approvals before the transactions are implemented."

IL&FS has a 81.24 per cent shareholding, followed by IL&FS Employee Welfare Trust with 9 per cent, ORIX Corporation, Japan with 4.75 per cent and Croupier Prive Mauritius with 5 per cent.

On October 1, the government took over IL&FS after it began defaulting on inter-corporate deposits, commercial papers, and other debt obligations. Thereafter, the National Company Law Tribunal (NCLT) reconstituted the board, which found IL&FS had 346 subsidiaries under its holding structure, and by the end of September had borrowed over ₹910 billion. It was facing a liquidity problem of ₹350 billion by the end of October.

Following the instructions of the NCLT, the board submitted a report on the 'progress and the way forward' on October 30, which outlined several steps the board had taken within the first weeks to ensure a fruitful clean up.



# IL&FS cancels deal with IndusInd Bank

To seek fresh Eols for asset monetisation

## OUR BUREAU

Mumbai, November 12

Debt-laden Infrastructure Leasing and Financial Services has decided to begin monetisation of its assets and will restart the sale process of IL&FS Securities Services and ISSL Settlement and Transaction Services.

The decision was taken by the IL&FS board on Monday as part of measures to resolve troubles at the group and pay off its debt.

“In order to ascertain market interest and examine feasibility of maximisation of value in an orderly and transparent manner, the board, while continuing to evaluate all options, has today initiated the process of exploring the sale of an asset engaged in the securities services business,” IL&FS said in a statement.

Significantly, private sector lender IndusInd Bank was set to acquire IL&FS Securities Services and had signed a definitive share purchase agreement with

**The new board approved by the NCLT and led by banker Uday Kotak has decided to cancel all past agreements undertaken by the earlier board of IL&FS**

IL&FS in June. However, sources said the new board approved by the NCLT and led by banker Uday Kotak has decided to cancel all past agreements undertaken by the earlier board of IL&FS.

“The money has not been transferred (by IndusInd Bank to complete the IL&FS Securities Services sale) and it has been decided that the sale process for ISSL will be re-started,” said a person close to the development.

## Public solicitation

IL&FS, in a statement, said the board has decided to publicly solicit Expressions of Interest to assess the interest for sale of its stake in both subsidiary firms – ISSL and ISSL Settlement and Transaction Services.

Any transaction for sale of asset will be subject to the NCLT, said the release.

“The board is taking steps for public solicitation in this regard,” it added.

The board also said these measures would help advance the process of putting together resolution plan(s) for the IL&FS group, based on market interest and price discovery for various assets.

It has also appointed Arpwood Capital and JM Financial as Financial and Transaction Advisors, along with Alvarez and Marsal as Resolution Consultants.

In a report submitted last month to the NCLT, the board had said it would work towards the final resolution, in stages and parts, over the next six to nine months.

It had pegged the overdue amounts relating to financial debt within the IL&FS group at about ₹4,776 crore. The financial sector, including banks, had an exposure of about ₹91,000 crore to the IL&FS group as of March-end.

# IL&FS initiates steps for asset monetisation

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**ENS ECONOMIC BUREAU**

MUMBAI, NOVEMBER 12

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and the process of disposing of the subsidiary will start afresh.

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ISSL Settlement & Transaction Services provides professional clearing services in the commodities derivatives segment.

IL&FS said any agreement for the sale of the two assets will be subject to requisite approvals (including an approval from the National Company Law Tribunal (NCLT)), before the transactions are implemented. **FE**