



INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

August 14, 2019

The Sr. General Manager
Department of Corporate Services,
BSE Limited,
1st Floor, PJ Towers, Dalal Street,
Mumbai 400 001

Re : Submission of the Fourth and Fifth Progress Report and Way Forward

Dear Sir/Madam,

This is with reference to the proceedings before the Hon'ble National Company Law Appellate Tribunal ("NCLAT") in Company Appeals (AT) No. 346 of 2018 and 347 of 2018.

Enclosed is the "*Fourth and Fifth Report on Progress and Way Forward*" which has been submitted to the Ministry of Corporate Affairs and has further been filed with the NCLT.

This is submitted for your information.

Sincerely,

Shekhar Prabhudesai
Company Secretary



IL&FS GROUP

FOURTH REPORT ON PROGRESS AND WAY FORWARD

Dated: January 15, 2019

TABLE OF CONTENTS

I. PREFACE	1
II. EXECUTIVE SUMMARY	1
III. APPOINTMENT OF NEW DIRECTORS.....	4
IV. COST CUTTING MEASURES.....	4
1. MANPOWER OPTIMISATION MEASURES	4
2. BRANCH OFFICES/SPACES	5
V. APPEAL PENDING BEFORE THE NATIONAL COMPANY LAW APPELLATE TRIBUNAL	5
VI. CHALLENGES TO LIQUIDITY	6
1. CREDITOR ACTION.....	6
2. STATUTORY LIABILITIES.....	8
VII. STATUS UPDATE ON LAUNCH OF ASSET & OTHER SALES	8
1. LAUNCH OF SALE PROCESS FOR DOMESTIC ROAD ASSET.....	8
2. LAUNCH OF SALE PROCESS FOR EDUCATION VERTICAL.....	9
3. LAUNCH OF SALE PROCESS FOR ALTERNATIVE INVESTMENT FUND BUSINESS.....	10
4. LAUNCH OF SALE PROCESS FOR LUXURY CARS, IMMOVABLE PROPERTY AND OTHER SUNDRY ASSETS OWNED BY THE IL&FS GROUP.....	10
VIII. STEPS TAKEN FOR RESOLUTION OF CERTAIN OVERSEAS BUSINESSES OF ITNL GROUP	11
1. ITNL INTERNATIONAL PTE. LTD. (SINGAPORE) AND ITS SUBSIDIARIES IN UAE, USA AND CHINA	11
11	
2. OPERATIONS IN ETHIOPIA	11
IX. PROCEEDINGS BEFORE THE NCLT	12
ANNEXURE 1 – ADVERTISEMENT FOR ROAD ASSET LAUNCH OF SALE PROCESS	14
ANNEXURE 2 – ADVERTISEMENT FOR EDUCATION ASSET LAUNCH OF SALE PROCESS	15
ANNEXURE 3 – ADVERTISEMENT FOR ALTERNATIVE INVESTMENT FUND BUSINESS LAUNCH OF SALE PROCESS	16
ANNEXURE 4 – ADVERTISEMENT FOR LAUNCH OF SALE PROCESS FOR LUXURY CARS	17
ANNEXURE 5 - ADVERTISEMENT FOR LAUNCH OF SALE PROCESS FOR COMMERCIAL AND RESIDENTIAL PROPERTIES.....	18

I. PREFACE

1. This Report is being submitted to the Ministry of Corporate Affairs (“MCA”) pursuant to the Report on Progress and Way Forward dated October 30, 2018 (“**First Report**”) and the Second Report on Progress and Way Forward dated December 2, 2018 (“**Second Report**”) and the Third Progress Report on Proposed Resolution Framework (“**Third Report**”) (collectively referred to as the “**Reports**”). The First Report and Second Report were filed by the MCA with the Hon’ble National Company Law Tribunal, Mumbai Bench (“NCLT”) at the hearings on October 31, 2018 (First Report filed) and December 3, 2018 (Second Report filed).
2. This Report sets forth the key steps that have been taken by the New Board of Infrastructure Leasing & Financial Services Limited (“IL&FS”) since the Second Report till January 12, 2019. Apart from the steps highlighted in this Report, an ongoing task that the New Board of IL&FS (“**New Board**”) has been performing since their appointment is a fact finding exercise supported by existing employees of the group/subsidiary/joint ventures/jointly controlled operations of IL&FS (“**IL&FS Group**”) and external experts/advisors. This fact finding exercise will enable the New Board of IL&FS to identify the exact contours of the IL&FS Group, its diverse operations and the obligations which need to be resolved. The process of assessing and verification of such facts is an ongoing exercise (including audits, as may be required) and is subject to further internal and external validation. Therefore, the information and analysis as set out herein is based on data provided by the relevant entities in the IL&FS Group to the New Board and is subject to ongoing verification and changes/ revisions/ corrections.

II. EXECUTIVE SUMMARY

Capitalised terms used herein have the meaning as provided in the other Sections of this Report

1. **Appointment of New Directors**

By an Order dated December 21, 2018, the NCLT has, on the recommendations of the Central Government, appointed two more directors on the Board of IL&FS who have taken charge forthwith. This aspect is dealt with in Part III of this Report.

2. **Cost Cutting measures**

- 2.1. Further to the two phase process set out in the Second Report, the New Board has, in respect of four verticals in the IL&FS Group taken steps to identify role redundancies in a structured manner. The New Board will now take steps to rationalize these redundancies in phase II as specified in the Second Report.
- 2.2. Steps have also been taken in respect of vacant office spaces of IL&FS Group Companies across India which will lead to saving of real estate cost and

revenue generation arising from leasing out of such office spaces. Such measures are dealt with in Section V of this Report.

3. Appeal pending before the National Company Law Appellate Tribunal

The protection that was granted to the IL&FS Group by the NCLAT in the Appeals pending before it are due for hearing on the question of the powers that the NCLT possesses under Sections 241-242 of the Companies Act, 2013 on January 28, 2019. On January 11, 2019, select applications filed by parties for permission to continue with arbitrations has been considered and disposed off vide order dated January 11, 2019. This is dealt with in Section V of this Report.

4. Challenges to the Liquidity Position

- 4.1. Despite the Interim Order, some banks and financial institutions are taking coercive steps in relation to the amounts lying in the accounts of IL&FS Group Companies including by way of setting off or exercising lien on such amounts.
- 4.2. Further, the liquidity position of the IL&FS Group does not permit the payment of the outstanding statutory dues. The Interim Order has offered respite in this regard in as much as it prevents institution of proceedings for recovery of statutory dues. The aforesaid aspects are dealt with in Part VI of this Report.

5. Status update on Launch of Asset Sales

Pursuant to the Reports, the New Board has sought to explore options for the sale of the interest of the IL&FS Group in a number of assets and business. These include business assets such as domestic road asset/business, education assets/businesses and other assets such as luxury cars, commercial real estate etc. This aspect is dealt with in Part VII of this Report

6. Steps taken for Resolution of Certain International Businesses/Assets

- 7.1. IIPL which is a 100 % subsidiary of ITNL is the holding company of all international investments of ITNL. IIPL has initiated the process of divesting its stake in various companies across various countries. For some of the overseas companies, resolution under the relevant bankruptcy/ insolvency framework in the relevant overseas jurisdiction may also need to be considered.
- 7.2. The process of resolution of operations of ITNL Group's entities in Ethiopia has also commenced, where several issues have been subsisting for a period of time. These aspects have been dealt with in Part VIII of the Report.

7. Proceedings before the NCLT

Proceedings have been filed by the MCA before the NCLT including proceedings for reopening and recasting of accounts of IL&FS, ITNL and IFIN for the past 5 years. This aspect is dealt with in part IX of this Report.

III. APPOINTMENT OF NEW DIRECTORS

1. In addition to the six directors¹ appointed by the NCLT comprising the New Board of IL&FS, the NCLT has, on the recommendations of the MCA, appointed two more Directors on the Board of IL&FS vide its Order dated December 21, 2018 namely Mr. Bijay Kumar and Mr. N. Srinivasan.
2. At the Board Meeting of December 24, 2018, the appointment of Mr. Bijay Kumar and Mr. N. Srinivasan were taken on record. Further, Mr. Bijay Kumar was appointed by the New Board as the Deputy Managing Director of IL&FS.
3. The New Board recognizes that the appointment of Mr Bijay Kumar and Mr N. Srinivasan will augment the competencies required for the New Board to move towards achieving stability in operations as well as executing the Final Resolution (as defined in the Reports) for the IL&FS Group.

IV. COST CUTTING MEASURES

1. Manpower Optimisation Measures

- 1.1. As mentioned in the Second Report, the New Board has conceptualized manpower optimization measures in two phases where Phase I contemplates initiatives such as Salary Rationalization of Employees, Separation of Superannuated Consultants, and Phase II initiatives include talent restructuring, amalgamation of roles and responsibilities etc.
- 1.2. Further to the two phase process contemplated in the Second Progress Report relating to measures for '*manpower optimisation*', the New Board has, in respect of four business verticals of the IL&FS Group, taken initiatives and identified redundant roles and functions. A similar exercise has also been commenced in respect of other business verticals in the IL&FS Group as well, which is currently underway.
- 1.3. The process adopted for identifying such redundancies involves understanding and assessing the relevance of each role/function across business verticals, in the backdrop of the current business situation and overall resolution proposals (as mentioned Reports) being considered and evaluated by the New Board (i.e. Group Level Resolution, Vertical Level Resolution or Asset Level Resolution). As part of this assessment, due regard is being given to maintaining the going concern nature of the business. In this regard, efforts are also being made to identify and retain crucial/key resources within each vertical/business, so as to assist in achieving the objectives of the New Board as set out in the First Progress Report and will also be essential in preserving the going concern status of the entities in the IL&FS Group.

¹ Mr. G. N Bajpai has since resigned from the Board.

- 1.4. After assessing the roles/functions that have become redundant basis the principles set out in paragraph 1.2 above, steps are being taken in respect of such roles and functions in the four business verticals to implement Phase II of the Manpower Optimisation Measures for such business verticals.
 - 1.5. The potential cost saving benefits realized by each company/entity from this exercise will *inter alia* be used to maintain the going concern status of these entities. Since October 2018, approximately 15 % (decrease in the head count has been 8%) has been saved on the wage bill which will play out over the course of the year. The efforts for manpower rationalization that have contemplated for January, 2019 are likely to realize 11 % savings on the wage bill (with a decrease in head count by 10 %) and will play out over the course of the year. The benefit of this exercise is expected to play-out significantly by March 2019.
2. **Branch offices/spaces**
 - 2.1. An additional cost saving exercise being carried out is the identification of certain vacant office spaces. Manpower optimisation measures and reallocation of people across the office spaces has resulted in incremental space available especially in owned office premises of IL&FS Group in various locations across India.
 - 2.2. The New Board has devised a two phased strategy in relation to office spaces which would involve: (i) saving of real estate cost, cost associated with facility management; and (ii) revenue generation by leasing such spaces.
 - 2.3. A team has been set up by the New Board to assess optimum utilization of these vacant office spaces, *inter alia*, by leasing out such office spaces to tenants to generate new revenue streams. There has been encouraging response to such initiatives.
 - 2.4. Further, due to capacity reduction and in some cases closure of business activities certain branch offices and project sites have been downsized and/or released which has resulted in reduced outflow of rent and refund of related security deposits.
 3. In addition to the above, the New Board has targeted reduction in Office Expenses for the present Financial Year (2018-2019) by about 26.22 %.

V. **APPEAL PENDING BEFORE THE NATIONAL COMPANY LAW APPELLATE TRIBUNAL**

1. The protection granted by the National Company Law Appellate Tribunal (“NCLAT”) by its Order dated October 15, 2018 (“**Interim Order**”) against, *inter alia*, coercive action in respect of IL&FS and entities

comprising the IL&FS Group, has provided the New Board with a period of calm in order to effectively implement the orders of the NCLT. The Interim Order enables value preservation of the assets of the IL&FS Group and also serves to enable the New Board in its effort to evaluate and prepare a resolution plan keeping in mind the various stakeholders and arrive at a fair resolution for the IL&FS Group. The Interim Order continues until further orders.

2. In the Interim Order, apart from granting the Appellant a stay as set forth above, the NCLAT has framed two questions of law on the scope of powers of the NCLT under Sections 241-242 of the Companies Act, 2013 which are to be considered in the Appeals.
3. After the Interim Order was passed, various creditors of the IL&FS Group and other parties have filed various applications seeking *inter alia* specific exceptions to the Interim Order on various grounds. However, at the subsequent hearings, no such reliefs have been granted to any of the creditors or other parties. The Appeals came up for hearing before the NCLAT on December 17, 2018 and December 20, 2018 and has been fixed for hearing on January 28, 2019 to consider the questions of law framed in the Interim Order while an earlier hearing was held on January 11, 2019 to consider specifically whether arbitrations should continue during the stay granted under the Interim Order. The NCLAT has permitted arbitrations to continue subject to the terms of its order dated January 11, 2019.

VI. CHALLENGES TO LIQUIDITY

1. Creditor Action

- 1.1. While the NCLAT had in its Interim Order *inter alia* restricted banks and financial institutions from setting off or exercising lien over any amounts lying with any creditor in any account of any entity in the IL&FS Group, some lenders have continued to mark a lien on or appropriated funds from the respective accounts of the entity against their outstanding dues in that entity / other group entities.
- 1.2. Additionally, as mentioned in the Second Progress Report (*specifically paragraph 4 of Section V*), various lenders to certain IL&FS Group Companies are not permitting release of funds from respective escrow, even towards critical payments relating to salaries, O&M payments / other operational payments which are essential for maintaining the going concern status of the entity, unless debt servicing is done. Set out below is a tabular statement setting forth the names of the banks who are refusing to release payments relating O&M and/or other operational payments along with the corresponding entity in the IL&FS Group:

S No.	IL&FS Group Entity	Bank	O&M amount
--------------	-------------------------------	-------------	-----------------------

			withheld
1.	IL&FS Engineering Construction Company Limited	State Bank of India	INR 7.5 Crores
2.	Thiruvananthapuram Road Development Company Limited	Punjab National Bank	INR 0.37 Crores
3.	Road Infrastructure Development Company of Rajasthan Limited	Allahabad Bank and Punjab National Bank	INR 6.5 Crores and INR 1.85 Crores respectively.

- 1.3. Specifically for IL&FS Group Companies involved in road assets (Sr. Nos. 2 and 3 in the table above), if monies for O&M and/or other operational payments continue to be withheld, there will be: (i) damage to the road assets and increase of road accidents/fatalities; (ii) deterioration of the road assets resulting in the need to reconstruct the entire road; (iii) additional liabilities on the aforesaid companies by virtue of the road authority undertaking O&M at the cost (including penal interest) of the concerned entity. Ultimately, there is also risk of the road authority terminating the concession on account of breach of obligation by the concerned IL&FS Group Company.
- 1.4. Further, in IL&FS Tamil Nadu Power Company Limited, a consortium of lenders (comprising of Punjab National Bank, Canara Bank, Indian Bank, Bank of India, Bank of Baroda, State Bank of Mauritius, Punjab & Sind Bank, Union Bank and Oriental Bank of Commerce) are adjusting the receivables (being credited into the cash credit account of the company) but are not releasing payments to suppliers and vendors (under the working capital limits), which is likely to materially impact the going concern status of the company and the power project being operated by the company.
- 1.5. Such lender action is detrimental to the functioning of such entities and may lead to value erosion for all stakeholders. The New Board, despite the Interim Order, continues to face issues with the liquidity position of the IL&FS Group on account of various actions by financial creditors of the various IL&FS Group Companies. If these liquidity challenges continue to persist, there is a high likelihood of significant value deterioration, which will in turn have an adverse impact on the resolution of the issues facing the IL&FS Group as well as recovery by the relevant creditors and other stakeholders.
- 1.6. Additionally, the New Board has identified that refunds of Income Tax and claims for refund of income tax are pending with the Income Tax Authorities. For the Assessment Year 2012-2013, the Commissioner of

Income Tax, Mumbai had passed an Order dated April 26, 2017 directing refund of Rs. 64.36 Crores for the Assessment Year 2012-2013 as being excess income tax levied for the said Assessment Year. Further, for the Assessment Years between 2007-2008 till 2015-2016, IL&FS has pending claims for refund of income tax in the sum of Rs. 53.6 Crores. It is anticipated that this will also bring liquidity into the IL&FS Group.

- 1.7. IL&FS is continuously engaging with such lenders for release of required funds and is hopeful of securing their cooperation.

2. **Statutory Liabilities**

- 2.1. An aggregate amount of approximately INR 382.1 Crores towards statutory liabilities that have been incurred by various companies of the IL&FS Group as on September 30, 2018 remains unpaid. As of November, 2018, the statutory liabilities of the IL&FS Group stands at INR 434.63 Crores.
- 2.2. The current liquidity position of the IL&FS Group and the constraints relating to the essential going concern payments, does not allow servicing of statutory liabilities in many companies (including both outstanding liabilities as of October 1, 2018 as well as those for the period after that).
- 2.3. Since the Interim Order protects the IL&FS Group from any proceedings before any Court or Tribunal, the IL&FS Group Companies have been granted protection on the Application of the Government of India by the NCLAT from any proceedings by creditors and statutory authorities for unpaid dues.

VII. STATUS UPDATE ON LAUNCH OF ASSET & OTHER SALES

As mentioned in the Reports, the objective of the Board is to achieve, by one or more plan(s), the resolution of the IL&FS group through certain measures, including asset divestments. Despite the complex group structure, the New Board has continued to focus on divestments to achieve resolution in a systematic way in order to ensure that the going concern status of most entities is preserved, albeit under a new owner. The assets divestment process for IL&FS Security Services Ltd. (ISSL), ISSL Settlement and Transaction Services Ltd. (ISTSL) and assets/businesses in its renewable energy business has already been initiated by inviting Expressions of Interest (EOI). For ISSL and ISTSL, 11 EOIs were received whereas for the renewable energy businesses/assets approx. 20 EOIs have been received.

In furtherance of the above and the objectives set out in the Reports, the New Board has sought to explore options for the sale of the interest of the following assets/businesses:

1. **Launch of Sale Process for Domestic Road Asset**

- 1.1. On December 17, 2018, IL&FS issued an advertisement inviting EOIs for various road assets/businesses comprising of the following

Assets/Businesses:

- (a) 7 operating annuity based road projects in the different locations across India aggregating approximately 1,774 lane kilometres;
 - (b) 8 operating toll based road projects in different locations across India aggregating approximately 6,572 lane kilometres;
 - (c) 4 under construction road projects in different locations across India which would aggregate approximately 1,736 lane kilometres upon completion; and
 - (d) 3 other assets and businesses, which are EPC and O&M businesses of IL&FS Transportation Networks Limited and a Sports Complex in Thiruvananthapuram.
- 1.2. The last date for submission of the EOI was January 8, 2019. A copy of the Advertisement is enclosed as **Annexure 1**. More than 30 expressions of interest were received for acquiring IL&FS' interest in its domestic road vertical including its domestic EPC and O&M business. Eligibility of the received EOIs is being scrutinized. Interest has been received from a mix of strategic and financial players. Qualifying interested bidders will then be invited to review information on the business that would be shared with them so as to enable them to submit commercial bids.

2. **Launch of Sale Process for Education Vertical**

- 2.1. On December 21, 2018, IL&FS issued an advertisement inviting EOIs for the Education and Related businesses of IL&FS inter alia comprising:
- (a) **IL&FS Education & Technology Services Limited (“IETS”)**: The business of IETS is to provide ed-tech services to K-12 schools and students through its proprietary digital content, devices, platforms and solutions. IETS, through its subsidiary, IL&FS Skill Development Corporation Limited (a joint initiative with National Skills Development Corporation), offers job linked vocational skills programmes for the youth.
 - (b) **The business of Skill Training Assessment Management Partners Limited (“STAMP”)**: The business of STAMP is to provide technology led knowledge management and assessment services for education, vocational skills etc.
 - (c) **The business of IL&FS Cluster Development Initiative Limited (“ICDI”)**: The business of ICDI is to provide advisory and project management services to Central and State governments and industries

for development of common infrastructure and common facilities in brownfield and greenfield industrial clusters.

- 2.2. The last date for submission of EOI was January 11, 2019. A copy of the Advertisement published is enclosed as **Annexure 2**.

3. **Launch of Sale Process for Alternative Investment Fund Business**

- 3.1. On December 21, 2018, IL&FS issued an advertisement inviting EOIs for the Alternative Investment Fund (“AIF”) management business conducted by / assets under management of IL&FS Investment Managers Limited (“IIML”).

- 3.2. The last date for submission of EOIs was January 11, 2019. A copy of the Advertisement published is enclosed as **Annexure 3**.

4. **Launch of Sale Process for Luxury Cars, Immovable Property and other sundry assets owned by the IL&FS Group**

- 4.1. Further to the proposal outlined in the Second Report to generate further liquidity which will in turn assist in meeting “going concern” payments across the IL&FS Group, the New Board has identified the following assets which are not essential for the ongoing business of the relevant IL&FS Group Company.:

- (a) luxury vehicles that are owned by the IL&FS Group having the approximate value (presently) of approx. Rs. 10 Crores;
- (b) Residential and commercial property in Mumbai and Kolkata which are owned by the IL&FS Group.

- 4.2. Accordingly:

- (a) in respect of the Luxury Cars, an Advertisement has been published on December 10, 2018 inviting bids for purchase of the same on an “*as is where is*” basis. The last date for receipt of bids was December 18, 2018. A copy of the Advertisement published for the sale of such luxury cars is enclosed as **Annexure 4**.

- (b) in respect of the immovable property, an Advertisement has been published on December 28, 2018 inviting proposals for purchase of certain properties owned by IL&FS on an “*as is whatever there is basis*”. The last date prescribed for submission of the bid/proposal is January 15, 2019. A copy of the Advertisement is enclosed as **Annexure 5**.

- 4.3. In addition to the above, the New Board has also identified certain sundry assets like furniture and fixtures for sale and proposals have been sought by way of an Advertisement towards the same.

5. The assets for which sale process has been launched till date (except non-

core assets in paragraph 4) account for approximately INR 50,000 Crores of the total outstanding fund based debt exposure of the IL&FS Group which as of October 8, 2018 aggregated to approximately INR 94,000 Crores (as mentioned in paragraph 5.2 of Section III of the First Report).

6. The New Board proposes to follow a fair and transparent process to sell the aforesaid assets to the successful bidders and will strive to ensure value maximization in the interests of all stakeholders. Consummation of any potential transaction for sale of assets will be subject to approval from the NCLT.

VIII. STEPS TAKEN FOR RESOLUTION OF CERTAIN OVERSEAS BUSINESSES OF ITNL GROUP

1. **ITNL International Pte. Ltd. (Singapore) and its subsidiaries in UAE, USA and China**
 - 1.1. ITNL International Pte. Ltd. (**I IPL**), a company incorporated under the laws of Singapore, is a 100% subsidiary of IL&FS Transportation Networks Ltd. (**ITNL**), is the holding company of all international investments of ITNL.
 - 1.2. I IPL had appointed a transaction advisor to explore the option for divestment of the 49 % stake held by it in ITNL Infrastructure Developers Ltd. (**IIDL**). IIDL has in turn a 51% shareholding in Parkline LLC, which was awarded a Concession Agreement to develop the “Dubai Supreme Court Complex with Robotic Car Park” for a period of 30 years. I IPL has received 11 EOI’s in this regard.
 - 1.3. I IPL will also be taking steps to initiate the divestment process for the following subsidiaries:
 - (a) Chongqing Yuhe Expressway Co. Ltd. (**CYEL**) - CYEL has developed the four lane dual carriageway in Chongqing, China of approximately 232 lane kilometres and is currently maintaining the same. I IPL owns 49 % of the shareholding in CYEL.
 - (b) I IPL USA LLC (**I IPL US**) – I IPL US was incorporated to source infrastructure business in the United States and has undertaken operations and maintenance of some roads projects in the state of Texas, USA. I IPL owns the entire shareholding of I IPL USA.

Transaction advisors have been appointed in respect of the aforesaid offshore entities and the launch of the asset sale process is likely to initiated in the last week of January 2019.

- 1.4. For some companies, local bankruptcy framework may have to be explored.
2. **Operations in Ethiopia**

- 2.1. Elsamex SA. (**Elsamex**) is undertaking 3 ‘ORPC’ projects (i.e. output-based performance and rehabilitation) in Ethiopia through three joint venture with ITNL for the Ethiopian Roads Authority (“**ERA**”).
- 2.2. The liquidity crisis at ITNL and Elasmex since last few months has resulted in the joint ventures failing to comply with its obligations including default in payment of taxes, salaries and payments to vendors. The total outstanding liability of the joint ventures is approximately USD 7.4 Million.
- 2.3. While certain payments have been released by the joint ventures like labour payments and tax dues, coercive actions have been taken against the employees of ITNL in Ethiopia including by way of house arrest and police custody. Of the 3 employees that were remanded to police custody, 2 were subsequently acquitted by the court and released on December 28, 2018 (passport has not yet been released). The remaining employee who was in police custody has been granted bail on January 2, 2019 (under a travel ban).
- 2.4. The New Board has arrived at a settlement with the local labour union with the assistance of the Indian Embassy and the ITNL staff. The New Board has through engagement with EXIM Bank in Ethiopia secured release of encumbered funds on humanitarian grounds which are to be utilized towards settlement of dues payable to labour. Over the course of the next few days monies will be disbursed to the accounts of about 200 staff post which the New Board will pursue the safe return of the 4 ITNL employees to India.
- 2.5. It is pertinent to mention that while the total liability of the joint ventures is USD 7.4 Million, an amount of USD 4.89 Million is due and payable by ERA to the three joint ventures in connection with their respective projects. Further, assets with a book value of approximately USD 13.54 Million (to be assessed based on actual site condition) are lying at the various project sites. These receivables and assets sale realizations may by themselves be sufficient to discharge all the outstanding total dues owed by the three joint ventures to the Ethiopian authorities and labor unions.
- 2.6. All options to alleviate the issues relating to employees of ITNL in overseas locations and release of payments are being explored including active engagement with local administration officials in Ethiopia and in coordination with the Ministry of External Affairs, Union of India.

IX. PROCEEDINGS BEFORE THE NCLT

1. On December 3, 2018, the Union of India through the MCA filed Applications seeking (a) impleadment of certain key managerial personnel of the IL&FS Group; and (b) reliefs of disclosure and injunctive reliefs against the assets/properties of the said key managerial personnel and certain ex-directors (said individuals). The said Applications have been allowed by the NCLT by an order dated December 3, 2018 and the said individuals have been (i) directed to disclose on oath their assets and properties; and (ii) restrained from dealing with the same. Five of the newly

impleaded key managerial personnel resigned whereas one key managerial personnel was suspended.

2. Further Orders were passed by the NCLAT in the case of one individual (who has since been suspended from the Company) who sought to challenge the said Order dated December 3, 2018.
3. On December 21, 2018, the MCA, filed a Petition under Section 130 of the Act to reopen and recast the books of accounts of IL&FS, ITNL and IL&FS Financial Services Ltd. By an order dated January 1, 2019, the said Petition was allowed.
4. The MCA has also, on December 21, 2018, filed an Application for extension of immunity given to the New Board to their appointments as Directors on the Board of the IL&FS Group Companies and as Trustees of the Employee Welfare Trust of IL&FS. This application is currently pending and is scheduled to be heard on January 16, 2019.

ANNEXURE 1 – ADVERTISEMENT FOR ROAD ASSET LAUNCH OF SALE PROCESS



Invitation for Expression of Interest

Date: December 18, 2018

Acquisition Of IL&FS Group's Interest in the Domestic Roads Vertical

Pursuant to the Report on Progress and Way Forward dated October 30, 2018 and the Second Report on Progress and Way Forward dated December 03, 2018 ("Reports") submitted by Infrastructure Leasing & Financial Services Limited ("IL&FS") to the Ministry of Corporate Affairs, Government of India and which, in turn, was filed with the Hon'ble National Company Law Tribunal Mumbai (Special) Bench ("NCLT"), expressions of interest ("EOI") are invited for a potential acquisition of IL&FS Group's equity stake(s)/interest(s) ("Stake(s)") in road assets/businesses, or an undertaking comprising all the assets/businesses, including:

- (i) 7 operating annuity based road projects in various parts of India aggregating approximately 1,774 lane kms;
- (ii) 8 operating toll based road projects in various parts of India aggregating approximately 6,572 lane kms;
- (iii) 4 under construction road projects in various parts of India which would aggregate approximately 1,736 lane kms upon completion; and
- (iv) 3 other assets and businesses, which are EPC & O&M businesses of IL&FS Transportation Networks Limited and a Sports Complex in Thiruvananthapuram

The proposed sale of Stake(s) / interest(s) held by IL&FS Group in the aforesaid assets / businesses may be carried out as a basket / individually or as an undertaking comprising all offered assets and businesses ("Potential Transaction(s)") and the process for the Potential Transaction(s) are an integral part of the steps outlined in the Reports, and are expected to assist the Board of Directors of IL&FS appointed pursuant to the orders of the NCLT in October 2018 ("Board"), in part, in evolving the resolution plan(s) outlined in the Reports.

EOIs are sought by the Board from applicants interested in the Potential Transaction(s). Consummation of any transaction will be subject to requisite approvals, including, corporate approvals of the selling shareholders, the approval of the Board, approvals required under applicable law or contracts in relation to the relevant Asset, and approval of all relevant courts or tribunals, including the NCLT.

The Board has engaged **Arpwood Capital Private Limited** and **JM Financial Limited** to assist in the Potential Transaction(s).

Interested parties may refer to www.ilfsindia.com/ad/ for details in relation to the opportunity (including the basket of assets/businesses that can potentially be acquired), the eligibility criteria, teaser, prescribed format of the EOI and other terms and conditions. Applicants fulfilling the eligibility criteria can submit the EOI in the prescribed format, along with the relevant supporting documents, latest by 5 PM Indian Standard Time on Tuesday, January 08, 2019.

IL&FS Group reserves the right to suspend, terminate or modify the process connected with the Potential Transaction(s), including modifying the portfolio of individual assets comprised in the Potential Transaction(s), without providing any reasons or incurring any liability whatsoever.

<http://www.ilfsindia.com>

ANNEXURE 2 – EDUCATION ASSET LAUNCH OF SALE PROCESS



Invitation for Expression of Interest

Date: December 21, 2018

Sale of IL&FS' Interests in Education and Related Businesses

Pursuant to the *Report on Progress and Way Forward* dated October 30, 2018 ("Report") submitted by Infrastructure Leasing & Financial Services Limited ("IL&FS") to the Ministry of Corporate Affairs, Government of India, which, in turn, was filed with the Hon'ble National Company Law Tribunal Mumbai (Special) Bench ("NCLT"), expressions of interest ("EOI") are invited for the potential acquisition of education and related businesses owned by IL&FS.

In context of the same, the investors/ bidders will be offered the opportunity to acquire:

(A) 68.90% of the issued and outstanding equity shares of **IL&FS Education & Technology Services Limited ("IETS")** owned by IL&FS; and/ or

(B) the business of **Skill Training Assessment Management Partners Limited ("STAMP")** on a slump sale basis; and/ or

(C) the business of **IL&FS Cluster Development Initiative Limited ("ICDI")** on a slump sale basis.

The proposed sale of 68.90% of the issued and outstanding equity shares of IETS owned by IL&FS along with the businesses of STAMP and/ or ICDI on a slump sale basis may be carried out as a basket/ individually or in any combination thereof ("**Potential Transaction(s)**"). The process for the Potential Transaction(s) is an integral part of the steps outlined in the Report, and is expected to assist the Board of Directors of IL&FS appointed pursuant to the orders of the NCLT in October 2018 ("**Board**"), in part, in evolving the resolution plan(s) outlined in the Report.

Background - IETS

IETS provides ed-tech services to K-12 schools and students through its proprietary digital content, devices, platforms and solutions. IETS, through its subsidiary, IL&FS Skills Development Corporation Limited (a joint initiative with National Skills Development Corporation), offers job linked vocational skills programmes for the youth.

IL&FS is the promoter shareholder of IETS and owns 68.90% of the equity shares of IETS. The other shareholders of IETS are: (i) IL&FS Employee Welfare Trust (4.80%), (ii) individual shareholders (0.20%), and (iii) India Equity Partners (through its portfolio company, Lexington Equity Holdings Limited ("**LEHL**") (26.10%). IL&FS Employee Welfare Trust, India Equity Partners (through its portfolio company, LEHL) and the individual shareholders are expected to sell their shareholding in IETS along with IL&FS, subject to their agreeing to the terms being offered for their respective shares in IETS.

Background – ICDI

The business of ICDI is to provide advisory and project management services to Central and State governments and industries for development of common infrastructure and common facilities in brownfield and greenfield industrial clusters.

<http://www.ilfsindia.com>

ANNEXURE 3 – ALTERNATIVE INVESTMENT FUND BUSINESS LAUNCH OF SALE PROCESS



Invitation for Expression of Interest

Date: December 21, 2018

Acquisition of Alternative Investment Fund Management Business / Assets of IL&FS Group

Pursuant to the *Report on Progress and Way Forward* dated October 30, 2018 (“**Report**”) submitted by Infrastructure Leasing & Financial Services Limited (“**IL&FS**”) to the Ministry of Corporate Affairs, Government of India and which, in turn, was filed with the Hon’ble National Company Law Tribunal, Mumbai (Special) Bench (“**NCLT**”), expressions of interest (“**EOI**”) are invited for potential acquisition of IL&FS’ interest(s) (“**Interest(s)**”) in the Alternative Investment Fund (AIF) management business conducted by / assets under management of IL&FS Investment Managers Limited (“**IIML**”). IIML is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). The said investment management business / assets include:

- (i) Fund management services through fund management vehicles for several private equity funds, with total assets under management of INR 98 billion, along with drawn and undrawn sponsor commitment of INR 360 million and INR 440 million respectively, in one of the private equity funds.
- (ii) Fund management services for infrastructure debt funds, with total assets under management of INR 22.85 billion, along with undrawn sponsor commitment of INR 390 million;
- (iii) Asset management services for a consortium of 15 banks, which had committed funds of INR 50 billion;
- (iv) Fund management services for a proposed urban infrastructure development fund of the Government of Andhra Pradesh, with a target corpus of INR 50 billion along with provision for providing project management services to urban infrastructure projects in the State of Andhra Pradesh.

The process being contemplated for a possible sale of Interest(s) is an integral part of the steps outlined in the Report, and are expected to assist the Board of Directors of IL&FS, appointed pursuant to the orders of the NCLT in October 2018 (“**Board**”), in part, in evolving the resolution plan(s) outlined in the Report.

EOIs are sought by the Board from applicants interested in the opportunity. Consummation of any transaction pursuant to the process initiated by this advertisement will be subject to finalization of the transaction structure by IL&FS and receipt of requisite approvals, including, the approval of the Board, approval of the Board of the Directors and shareholders of IIML (as may be required), approvals required under various contracts executed by IIML and /or its subsidiaries and associates and also approvals under applicable law and approval of the NCLT. The Board has engaged **Arpwood Capital Private Limited** and **JM Financial Limited** to assist in this regard.

Interested parties may refer to www.ilfsindia.com/ad/ for details in relation to the opportunity (including the business / assets that can potentially be acquired), the eligibility criteria, preliminary teaser, prescribed format of the EOI and other terms and conditions. Applicants fulfilling the eligibility criteria can submit the EOI in the prescribed format, along with the relevant supporting documents, latest by **5 PM Indian Standard Time on Friday, January 11, 2019**.

IL&FS reserves the right to suspend, modify or terminate the process at any time without providing any reasons or incurring any liability to any party.

<http://www.ilfsindia.com>

**ANNEXURE 4 – ADVERTISEMENT FOR LAUNCH OF SALE PROCESS
FOR LUXURY CARS**

Cars for Sale



**Company Owned Premium Luxury
Cars for Sale**

For Vehicle details, Timing &
Address of Inspection and other
information, please visit our website:

<http://www.itnlindia.com/ad.aspx>

Contact Persons:

Sandeep Chavan - 9867963008 (Mumbai)

Alex Rodrigues - 9819013510 (Mumbai)

Anju Chopra - 9810344829 (New Delhi)

Anurag Dixit - 9899447716 (New Delhi)

Last date for Submission of bids:

December 18, 2018 upto 5:00 PM

**Conditions apply. Please refer to above website for
full details.*

**ANNEXURE 5 - ADVERTISEMENT FOR LAUNCH OF SALE PROCESS
FOR COMMERCIAL AND RESIDENTIAL PROPERTIES**

PREMISES FOR SALE



**Company Owned Commercial & Residential properties
for Sale in Mumbai & Kolkata**

For complete Details of Property, Timing & Address of
Inspection, Terms & Process of Sale, Last Date to submit
Offer and other related Information, please visit our website :
<http://ss.ilfsindia.com/Premises>

Contact Persons:
Mumbai - Sameer : 9820607795, Nelson : 96193 27216
Kolkata – Bhaskar : 98301 70824

*Conditions apply. Please refer to above website for full details.