



INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

December 3, 2018

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

Re: Submission of Second Report on Progress and Way Forward

Dear Sir/Madam,

This is with reference to our letter dated October 31, 2018 whereby we had informed you that that the Company's "*Report on Progress and Way Forward*" had been submitted by the Ministry of Corporate Affairs to the National Company Law Tribunal (Mumbai) ("NCLT") pursuant to its order dated October 1, 2018.

Consequently, the enclosed "*Second Report on Progress and Way Forward*" has been submitted to the Ministry of Corporate Affairs, which has further submitted the same to the NCLT today.

This is submitted for your information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Varsha Sawant'.

Varsha Sawant
Senior Vice President &
Company Secretary



IL&FS GROUP
SECOND REPORT ON PROGRESS & WAY FORWARD

Dated: December 2, 2018

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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 Progress Report**”), which was subsequently filed by the MCA with the Hon’ble National Company Law Tribunal, Mumbai, (“NCLT”) on October 31, 2018. This Report provides an overview some of the key steps taken by the New Board of Infrastructure Leasing & Financial Services Limited (“**IL&FS**”) since the First Progress Report.
2. Further, one of the primary tasks undertaken by the New Board, upon being appointed pursuant to the orders dated October 1, 2018 and October 3, 2018 by the NCLT, and which is an ongoing exercise, is fact finding with regard to the actual structure of the IL&FS Group and its financial position, in order to be able to identify the exact contours of the IL&FS Group, its diverse operations and the obligations which need to be resolved. In this exercise, the New Board is being supported by the existing employees of the IL&FS Group and external experts/ advisors. 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 IL&FS Group entities 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. Manpower cost optimisation measures and other costs saving measures

- 1.1. The New Board has assessed and undertaken various steps to reduce the wage bill of the IL&FS Group which are expected to result in savings across various entities within the group, details of which are set out in Section III of this Report.
- 1.2. The New Board has undertaken a series of steps which have resulted in reduced operating costs by terminating non-essential real estate premises and which has also provided some amount of liquidity (on account of refunds). The New Board is also evaluating certain other proposals of sale of non-core assets to raise immediate liquidity. This is dealt with in Section IV of this Report

2. Assessing liquidity measures and going concern status

The New Board has been working with the Resolution Advisor to evaluate the liquidity position of the IL&FS Group and the requirements for and avenues relating to capital in the relevant entity within the group and also assessing various commercial considerations which will have an impact on the resolution plan(s) to be formulated in respect of the IL&FS Group. This is dealt with in Section V of this Report.

3. Roads Vertical – Resolution of overseas assets and status of domestic projects

The New Board has considered certain preliminary options for the resolution of the overseas operations of the ITNL group (as set out in Section VI of this Report), many of which may not be sustainable operations in the long run. Further, Section VII of this Report also sets out the status of the various Indian projects under ITNL which may have a bearing on the resolution for such projects (depending on the stage and status of that project).

4. Resolution options – initial assessment and launch of asset sales

Section VIII of this Report sets out an initial assessment of the three options of resolution for the IL&FS Group which were identified in the First Progress Report. In furtherance of the options as set out in the First Progress Report, the New Board has also launched the sale process for a few of its assets, details of which are set out in Section IX of this Report.

III. MANPOWER COSTS OPTIMISATION MEASURES

The New Board has taken various initiatives towards rationalized manpower with a view to reduce costs associated therewith. The following steps have been proposed:

1. Salary Rationalization of Employees
2. Separation of Superannuated Consultants
3. Discontinuation of Business/Vertical
4. Talent restructuring
5. Amalgamation of roles and responsibilities
6. Businesses proposed to be sold in phase I
7. Identification of Group companies towards closure

The New Board will be taking up the aforesaid manpower optimization initiatives across the IL&FS Group in two phases. Phase I will contemplate initiatives like Salary Rationalization of Employees, Separation of Superannuated Consultants which have been executed. The said steps are likely to yield net savings of approximately INR 1000 Million annually. Phase II initiatives including Talent Restructuring, Amalgamation of Roles & responsibilities are under process. These steps will yield an approx. 50% savings in the wage bill of the IL&FS Group. Several other initiatives are being initiated and that will bring down total manpower of the IL& FS Group by approximately 65% and wage cost by 50% respectively.

IV. OTHER COST CUTTING MEASURES SINCE 31 OCTOBER 2018

1. Phase I – Actions taken

- 1.1. Termination of guest houses leased by various entities within the IL&FS Group (where the annual lease rental amounts aggregated to INR 56 Million). In addition to the saving on the lease rentals, the termination of such leases has also result in liquidity on account of refund of the security deposit (which had been placed by the relevant IL&FS Group entity) aggregating approximately INR 17 Million.
- 1.2. Closure of offices at various locations and cost reduction on facility management, and administration related costs, which is expected to yield in savings aggregating to INR 49 Million annually.
- 1.3. Generating revenue by leasing out office premises in the IL&FS Financial Services Centre to other companies, to the tune of approximately INR 135 million per annum and security deposit aggregating approximately INR 67 million, likely to commence from February 2019.

2. Phase II – Proposals being evaluated

- 2.1. There are few more offices for which leases are planned to be terminated which will result in savings on rental and administration related expenses.
- 2.2. Proposals for sale of cars, non-core assets and office premises are also being evaluated as measures to generate liquidity.

V. ASSESSMENT OF LIQUIDITY MEASURES AND RESOLUTION PROCESS

1. **Determination of and enabling maintenance of ‘going concern’ basis**

- 1.1. As part of the steps taken by the New Board to assess the issues facing the IL&FS Group, the New Board has appointed Alvarez & Marsal India Private Limited (“**Resolution Advisor**”) to assist in developing a resolution plan (in one or more stages) for IL&FS Group with the primary objective of value preservation across stakeholders through providing good governance, acting in wider public interest, providing financial stability while acting under the broad framework of commercial feasibility and legal compliance.
- 1.2. Given the various issues (and current circumstances) facing the IL&FS Group, instead of undertaking a standard ‘desktop’ valuation exercise, the New Board is working closely with the Resolution Advisor to develop entity and business specific resolution plans basis a structured approach covering liquidity and cash flow assessment for the next 12 months at each entity level along with its debt serviceability potential.
- 1.3. The Resolution Advisors is carrying out an assessment of the entities comprising the IL&FS Group in a phased manner focusing majorly on two aspects: (i) liquidity management on ‘going concern’ basis and (ii) examining resolution options for these entities. It is relevant to point out that a differentiated approach may be required to tackle different entities.

2. **Liquidity management - Steps undertaken by Resolution Advisor**

- 2.1. As part of the liquidity management exercise, the Resolution Advisor has undertaken the following steps:
 - (i) assessing short and medium-term liquidity requirements of various entities;
 - (ii) developing 13-weeks cash flow forecast to optimizing cash flow;
 - (iii) prioritizing outflows that will enable the entity to generate further cash inflows to ensure operational sustenance; and
 - (iv) implementing a robust control mechanism and provide update to the New Board.

More than 165 entities have been reviewed and close to 100 entities have operational cash gap till 31st March 2019. Some of the key entities which will face the cash gaps IL&FS, ITNL, Elsamex (India) and several other subsidiaries of ITNL, IL&FS Energy Development Company Limited (the holding company for the energy vertical) and several of its subsidiaries, IL&FS Engineering & Construction Company Limited, IL&FS Environmental Infrastructure & Services

Limited Holding company and several of its subsidiaries, IL&FS Skill Development Corporation Limited, IL&FS Technologies Limited Holding Company, IL&FS Township & Urban Assets Limited; IL&FS Maritime Infrastructure Company Limited Holding company, etc..

3. Resolution process – Steps undertaken by Resolution Advisor

3.1. As part of the process to develop a resolution plan for the IL&FS Group, the Resolution Advisor has initiated and is in the process of:

- (i) reviewing the existing capital structure of entities within the IL&FS Group;
- (ii) assessing incremental funding requirements for capex / working capital at the relevant entity level;
- (iii) classifying entities based on debt service ability and viability;
- (iv) assisting in identifying entities suitable for monetization; and
- (v) identifying encumbrances created on assets of various entities within the IL&FS Group and approvals for divestment at holding company level (i.e. IL&FS), business vertical/ platform level and at the level of the operating SPVs.

4. Additional challenges being faced

4.1. In addition to this, while the Hon'ble National Company Law Appellate Tribunal had in its interim order dated October 15, 2018 *inter alia* restricted banks and financial institutions from setting off or exercising lien over any amounts lying with any creditor in any account of IL&FS or its group companies, some lenders have marked lien on or appropriated funds from the respective accounts of the entity against their outstanding dues in that entity / other group entities.

4.2. Moreover, lenders in certain entities are not permitting O&M payments / other operational payment, including salaries, which are essential for the going concern status of the entity. Such lender action is to the detriment of such entities and would lead to value erosion for all stakeholders. For instance:

- (i) In case O&M payments are not made in entities with concession agreements (e.g., roads), the vendors may stop providing O&M services, due to which concession authority could levy penalties, and even terminate the O&M contract
- (ii) Projects where O&M would stop due to non-payment, would have physical deterioration, and would yield lower value from prospective investors
- (iii) In entities where employees, and other vendors are not paid at the discretion of the lenders, would lead to a disruption in the activities and potential mismanagement of such entities

VI. STEPS TAKEN FOR RESOLUTION OF OVERSEAS ENTITIES OF THE IL&FS GROUP

1. Summary of offshore entities within the Road vertical

As was mentioned in the First Progress Report, the IL&FS Group has various businesses in offshore jurisdiction, with a significantly large majority of these forming part of the Roads and Transport vertical (of which IL&FS Transportation Networks Limited (“ITNL”) is the holding company), which in addition to India has global operations in jurisdictions such as Spain, US, Africa, UAE, Singapore and China. The initial assessment of the New Board is that a lot of the overseas entities (under the ITNL group) may need to be resolved/ restructured/ divested or ultimately wound down and it has been engaged in considering and evaluating a variety of options for the overseas entities.

Set out below is a summary of key issues relating to certain offshore entities of the ITNL group.

2. Elsamex S.A. – Spanish operations

2.1. ITNL acquired Elsamex SA (**Elsamex**), a Spanish incorporated company specialising in operations and maintenance (**O&M**) in 2008. Elsamex has O&M projects in Spain, Portugal and certain Latin American countries which are carried out through subsidiaries, associates and joint ventures. Elsamex is 100% held by ITNL through IIPL Singapore (**IIPL**), a wholly owned subsidiary of ITNL.

2.2. Proposed way forward for Elsamex

- (i) Elsamex has an asset namely A4 Asset which is a JV having a concession Agreement for a road Project in Madrid. A binding offer has been received from a buyer for Elsamex’s holding in the JV along with a R&D laboratory that Elsamex owns.
- (ii) Elsamex is also engaged in negotiations with its lenders for restructuring the debt and/or induction of a potential investor.

3. Projects in Ethiopia and Botswana

3.1. Ethiopian Projects

- (i) Elsamex is undertaking 3 ‘ORPC’ projects (i.e. output-based performance and rehabilitation contract) in Ethiopia in a joint venture with ITNL which are as follows:
 - (a) OPRC Lot – 1 Project: The project is 8.40% complete as on date.
 - (b) OPRC Lot – 3 Project: The project is 8.40% complete as on date.
 - (c) Ambo Wolliso Road Upgrading Project: The project is 48% complete as on date.
- (ii) The Ethiopian Roads Authority (**ERA**) has terminated the Ambo Wolliso Project and is threatening termination of Lot 1 and Lot 3 Projects as well.
- (iii) The termination of the Ambo Wolliso project has been challenged. Further,

while the invocation of the advance guarantee for Lot 1 and Lot 3 Projects has been stayed by way of a judicial order of a court in Ethiopia, Elsames is also evaluating the termination of these two projects. There are various outstanding tax and salary payment dues in these projects.

3.2. Botswana Projects

Two projects are being executed in Botswana which are 82% and 68% completed respectively. The work for each of the projects is progressing well and is expected to be completed within the extended (approved) timeline.

4. **U.S. operations**

IPL USA LLC, which is engaged in the business of O&M. ITNL has initiated the process of divesting the equity stake in this company.

5. **Middle East and African operations (other than Ethiopia and Botswana)**

S. No.	Entity	Activity engaged in
1.	ITNL International DMCC	For Business Development activities
2.	ITNL Infrastructure Developer LLC (IIDL)	Engaged in 'public private partnership' projects in Dubai and the holding company for Parkline LLC (<i>see S. No. 3 below</i>).
3.	Parkline LLC	Concession Company for Dubai Court Project
4.	Sharjah General Services	For Business Opportunities in Sharjah
5.	ITNL Africa Pvt. Ltd.	Take up Projects in Nigeria/Africa.

6. **Asian operations**

S. No.	Entity	Activity engaged in
1.	ITNL International Pte. Ltd	Holding Company for all International investments of ITNL
2.	Chongqing Yuhe Expressway Co. Ltd	Concession of Expressway in Chongqing, China
3.	Elsames Vietnam JSC	O&M Projects in Vietnam
4.	ITNL Offshore Pte Ltd.	Issued RMB 1 Billion (approximately USD 145 Million) Bonds which are due in 2021
5.	IPL Laos Pte Ltd.	Potential EPC Projects in Laos
6.	ITNL Offshore Two Pte Ltd.	No operations
7.	ITNL Offshore Three Pte Ltd.	Has a Euro 37 Mn. loan from a bank which has been infused as sub debt in Elsames SA

It is relevant to note that in the current circumstances facing the ITNL and the Group, remittance of funds from ITNL (India Operations) to offshore projects is a challenge under the regulatory and legal framework in force. The options for resolving offshore entities will be considered from among divestments, restructuring, closure etc., in accordance with local jurisdiction regulations, and the most optimum resolution will be considered/arrived at on a case to case basis.

VII. STATUS OF ROAD PROJECTS

As mentioned in the First Progress Report, any resolution of the IL&FS Group is made more challenging on account of the complexities pursuant to multiple layers, varied interests of various stakeholders, diverse businesses with varied age, scale and market positions of these businesses. This is particularly true of ITNL, where in addition to the overseas business (as described in some detail in Section VI above), its Indian operations are also spread across the country and are in different stages of completion resulting in different asset classes and disparate revenue streams.

Set out below is a summary of the various domestic projects under ITNL.

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S No	Entity	Authority	Type	Status
1	Jharkhand Road Projects Implementation Company Limited	GoJ	Annuity	Operational
2	Thiruvananthapuram Road Development Company Limited	GoKer	Annuity	Operational
3	Karyavattom Sports Stadium	GoKer	Annuity + user fees	Operational
4	East Hyderabad Expressway Limited	HUDA	Annuity	Operational
5	Hazaribagh Ranchi Expressway Limited	NHAI	Annuity	Operational
6	Jorabat Shillong Expressway Limited	NHAI	Annuity	Operational
7	Chenani Nashri Tunnelway Limited	NHAI	Annuity	Operational
8	North Karnataka Expressway Limited	NHAI	Annuity	Operational
9	Road Infrastructure Development Company of Rajasthan	GoR	Toll	Operational
10	RIDCOR Infra Projects Limited	GoR	Toll	Operational
11	Sikar Bikaner Highway Limited	MORTH	Toll	Operational
12	West Gujarat Expressway Limited	NHAI	Toll	Operational
13	Pune Sholapur Road Development Company Limited	NHAI	Toll	Operational
14	Moradabad Bareilly Expressway Limited	NHAI	Toll	Operational
15	Baleshwar Kharagpur Expressway Limited	NHAI	Toll	Operational
16	Barwa Adda Expressway Limited	NHAI	Toll	Operational
17	Rapid MetroRail Gurgaon Limited	GoH	User fees	Operational

18	Rapid MetroRail Gurgaon South Limited	GoH	User fees	Operational
19	MP Border Checkpost Development Company Limited	GoMP	User fees	Operational
20	ITNL Road Infrastructure Development Company Limited	MORTH	Toll	Operational
21	Khed Sinnar Expressway Limited	NHAI	Toll	Operational
22	Jharkhand Infrastructure Implementation Company Limited	GoJ	Annuity	Under Construction (92%)
23	Rail Over Bridges, Gujarat	GoG	Annuity	Under Construction (5%)
24	Srinagar Sonmarg Tunnelway Limited	NHIDCL	Annuity	Under Construction (42%)
25	Fagne Songadh Expressway Limited	NHAI	Toll	Under Construction (65%)
26	Amravati Chikhli Expressway Limited	NHAI	Toll	Under Construction (22%)
27	Kiratpur Ner Chowk Expressway Limited	NHAI	Toll	Under Construction (62%)
MINORITY INTERESTS				
1	Noida Toll Bridge Company Limited	NOIDA	Toll	Operational
2	Warora Chandrapur Ballarpur Toll Road Limited	GoM	Toll	Operational
3	Ramky Elsamex Hyderabad Outer Ring Road	HUDA	Annuity	Operational
EPC				
1	Zojilla	NHIDCL	EPC	Under Construction (0%)
2	Chennai Metro Rail Stations	CMRL	EPC	Under Construction (42%)
3	MPRDC -2	MPRDC	Item rate	Under Construction (18%)

4	MPRDC - 10	MPRDC	Item rate	Under Construction (30%)
5	MPRDC - 11	MPRDC	Item rate	Under Construction (25%)

VIII. RESOLUTION OPTIONS – INITIAL ASSESSMENT

1. Options identified in First Progress Report

- 1.1.** In the First Progress Report, the New Board had identified three broad options which could be considered (either standalone or as a combination) for the resolution of the IL&FS Group (“**Final Resolution**”) in one or more stages, being:
- (i) “Group” resolution at the IL&FS level (“**Group Level Resolution**”): which would involve significant capital infusion at IL&FS level from credible and financially strong investor(s), with a condition that such investor(s) along with the New Board engage with the creditors such that it will lead to a Final Resolution on a group-wide basis;
 - (ii) Business Vertical/ Platform level resolution (“**Vertical Level Resolution**”): could involve exploring solutions involving all assets/ companies/ SPVs comprising a specific business vertical, on a combined basis (e.g., roads vertical); and
 - (iii) Asset level resolution (“**Asset Level Resolution**”): would involve asset-by-asset solution explored through various methods including (a) significant capital infusion (either from existing or new investors); (b) asset monetisation to retire debt; and (c) resolution/ compromise with the creditors.

Each of these options had been dealt with in detail in Section IV of the First Progress Report.

2. Assessment of Group Level Resolution

- 2.1.** As already indicated in the First Progress Report (*see paragraph 10.5 of Section III*), the New Board had appointed Arpwood Capital Private Limited and JM Financial Services Limited as joint financial & transaction advisors (“**FTAs**”) to assist the New Board in assessing the commercial feasibility of various options.
- 2.2.** Based on an outreach conducted by the FTA (to potential investors who could have the ability to undertake and execute such a transaction), the initial assessment seems to indicate that currently, the Group Level Resolution option is unlikely to materialise.

3. Feasibility of other two options

Given that currently the Group Level Resolution option seems unlikely, the New Board is engaging with its advisors to assess the Vertical Level Resolution and Asset Level Resolution options (including a combination of both in some cases) keeping in mind a range of issues such as general economic and market conditions, market interest, maximisation of value and speed of execution, transaction certainty and stakeholder engagement.

As also indicated in the First Progress Report (*see paragraph 2.4 of Section IV*), the New Board has approved and initiated asset divestment processes for certain entities, which will be concluded after approval from the Hon’ble NCLT as per

Section IV of the First Progress Report and is dealt with in more detail in Section IX below.

IX. STATUS UPDATE ON INITIAL ASSETS SALES LAUNCHED

1. Securities business – asset sale launch

- 1.1.** IL&FS Securities Services Limited (“**ISSL**”) is engaged in providing professional clearing member services in the derivatives segment, custodial designated depository participant services, domestic fund accounting and other financial services. IL&FS holds 82.4% of the issued and outstanding share capital of ISSL.
- 1.2.** ISSL Settlement & Transaction Services Limited (“**ISTSL**”) is engaged in providing professional clearing services in the commodities derivatives segment. ISTSL is a wholly owned subsidiary of IL&FS.
- 1.3.** IL&FS has issued an advertisement on November 10, 2018 inviting expressions of interest (“**EOI**”) from interested applicants to the entire shareholding of IL&FS in ISSL and ISTSL (copy enclosed in **Annexure 1**). More than a dozen such EOIs have been received (as of the cut off date of 23 November 2018) from a mix of banks, private equity funds and financial services companies, post which steps have been taken towards binding commercial bids from eligible applicants.
- 1.4.** As mentioned in the First Progress Report, 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.

2. Renewable energy business – asset sale launch

- 2.1.** On 29 November 2018, IL&FS issued an advertisement inviting EOIs for its renewable energy business (which includes wind and solar power business/ assets) (copy enclosed in **Annexure 2**) with December 10, 2018 being the last date for submission of the EOIs by interested applicants.

3. Upcoming launches

The New Board is in the process of evaluating and initiating a few more divestments (such as IL&FS Education, IL&FS Technologies, ONGC Tripura Power Company and IL&FS Paradip Refinery Water Limited) in the coming weeks.

Annexure 1

Advertisement inviting EOI – Securities Business



Invitation for Expression of Interest

Date: November 13, 2018

Sale of IL&FS' Equity Interests in IL&FS Securities Services Limited and ISSL Settlement & Transaction Services Limited

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 Law Tribunal Mumbai (Special) Bench ("NCLT"), expression of interest ("EOI") is invited for a potential acquisition of:

- (1) 81.24% of the issued and outstanding equity shares of IL&FS Securities Services Limited ("ISSL"), owned by IL&FS; along with
- (2) 100% of the issued and outstanding equity shares of ISSL Settlement & Transaction Services Limited ("ISTSL"), owned by IL&FS.

The proposed sale of IL&FS's shareholding in ISSL together with ISTSL (collectively the "Potential Sale") and the process for the Potential Sale 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 - ISSL

ISSL is engaged in providing professional clearing services in the derivatives segment, custodian designated depository participant services, domestic fund accounting and other financial services.

IL&FS is the promoter shareholder of ISSL and owns 81.24% of the equity shares of ISSL. The other shareholders of ISSL are: (1) IL&FS Employee Welfare Trust (9.01%), (2) Orix Corporation, Japan (4.75%) and (3) Croupier Prive Mauritius (5%). IL&FS Employee Welfare Trust, Orix Corporation and Croupier Prive Mauritius are expected to participate in the Potential Sale, subject to their agreeing to the terms being offered for their respective shares in ISSL.

Background - ISTSL

ISTSL is engaged in providing professional clearing services in the commodities derivatives segment. ISTSL is a wholly owned subsidiary of IL&FS.

EOIs are sought by the Board from applicants interested in the Potential Sale. Consummation of any transaction pursuant to the process initiated by this advertisement will be subject to requisite approvals, including, the approval of the Board, approvals required under applicable law and approval of the NCLT. The Board has engaged **Arpwood Capital Private Limited** and **JM Financial Limited** to assist in the Potential Sale.

Interested parties may refer to www.ilfsindia.com/ad/ for the eligibility criteria, preliminary information 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, November 23, 2018.

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

www.ilfsindia.com

Annexure 2

Advertisement inviting EOI – Renewable Energy Business



Invitation for Expression of Interest

Date: November 29, 2018

Sale of Renewable Energy Assets / Businesses 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 a potential acquisition of controlling stake(s) ("Stake(s)") held by IL&FS Group in renewable energy assets / businesses comprising:

- (i) operating wind power generating plants with aggregate capacity of 873.5 MW;
- (ii) asset management services for the operating wind power generating plants;
- (iii) under construction wind power generating plants with aggregate capacity of 104 MW;
- (iv) business division conducting project development and implementation of wind power generating plants;
- (v) special purpose vehicle which has developed, operates and maintains solar power generating plants against fixed cash inflows; and
- (vi) business division conducting project development and implementation of solar power generating plants and projects under development of approximately 300 MW capacity solar power plants for corporates.

The proposed sale of Stake(s) held by IL&FS Group in the aforesaid assets / businesses may be carried out as a basket / individually or in any combination thereof ("Potential Transaction(s)") and the process for the Potential Transaction(s) are 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 Potential Transaction(s). Consummation of any transaction pursuant to the process initiated by this advertisement will be subject to requisite approvals, including, the approval of the Board, approvals of the Board of Directors of IL&FS' Group companies participating in the Potential Transaction(s), approvals required under applicable law and approval of 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, 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 Monday, December 10, 2018**.

IL&FS reserves the right to suspend, modify or terminate the Potential Transaction(s) at any time without providing any reasons or incurring any liability to any party.

<http://www.ilfsindia.com>