

IL&FS Appoints Advisors

Our Bureau

Mumbai: Infrastructure Leasing & Financial Services Board on Monday appointed Arpwood Capital and JM Financial Consultants as Financial & Transaction Advisers to the IL&FS Group and Alvarez & Marsal as Restructuring Advisers to advise the newly constituted IL&FS board on resolution solutions and asset monetisation.

The advisers will first propose a plan that will be pre-

sent to the NCLT. The next date of hearing for NCLT is October 31, 2018. “IL&FS Board, in its meeting last week, considered it important to harmonise all asset monetisation activities, including ongoing initiatives, and to undertake them in transparent and speedy manner aligned to broader objective of optimizing the interest of different stakeholders,” said IL&FS in a release. “Board selects two Financial and Transactions Advisers (FTA) and one Restructuring Advisor.”

Mint - 23rd October, 2018

IL&FS board names Arpwood, JM Financial as transaction advisors

Mumbai: The new board of Infrastructure Leasing & Financial Services Ltd (IL&FS) has appointed Arpwood Capital and JM Financial as financial and transaction advisors for the company and its subsidiaries. A statement from IL&FS said this is to “harmonize asset monetization, including ongoing activities, and to undertake the same in a transparent and speedy manner.”

The two advisors will undertake valuations across divestments and monetization. The board also re-confirmed the naming of Alvarez and Marsal as restructuring advisors, to control and manage day-to-day liquidity, evolve a resolution plan and manage stakeholders involved in the resolution plan. **TANYA THOMAS**

Resolution plan: IL&FS appoints three advisers

FE BUREAU

Mumbai, October 22

IL&FS ON MONDAY said it has appointed Arpwood Capital, JM Financial Consultants and Alvarez & Marsal as advisers to develop and execute a resolution plan to take the company out from its crisis.

While Arpwood and JM Financial have been appointed as financial transaction advisers, Alvarez & Marsal will be the restructuring adviser. In an e-mailed statement, IL&FS said the two financial transaction advisers will undertake a valuations exercise of the company's assets prior to deciding which assets to dispose and generate funds. According to sources, a number of buyers have expressed interest in purchasing the roads and energy assets of IL&FS, with Cube Highways, Lone Star Funds, and India's National Investment and Infrastructure Fund (NIIF) among those interested.

Alvarez & Marsal will assist its board of directors in maintaining strict controls on and managing liquidity on a day-to-day basis at all levels in the group, evolving a resolution plan and management of stakeholders.

IL&FS also said that in its meeting held last week, IL&FS' new board considered it important to harmonise all asset monetisa-

IL&FS said it has appointed Arpwood Capital, JM Financial Consultants and Alvarez & Marsal as advisers to develop and execute a resolution plan, which the new board has to submit by October 31

tion activities, including ongoing initiatives.

Arpwood Capital is a boutique investment banking outfit founded by veteran deal-maker Rajeev Gupta. Gupta was the head of US private equity firm Carlyle India's operations from 2005 to 2010, prior to which he was head of investment banking at Hemendra Kothari-led DSP Financial Consultants, which later partnered with Merrill Lynch.

JM Financial is headed by another veteran and top investment banker Nimesh Kampani, founder and non-executive chairman of JM Financial Limited. Alvarez & Marsal is a global turnaround management and performance improvement consultant.

According to an order by the Mumbai bench of the National Company Law Tribunal dated October 1 in which it allowed the government to supersede the board of IL&FS, the new board has to submit a resolution plan for the company by October 31.

3 firms to advise IL&FS on revival

ADVAIT RAO PALEPU
Mumbai, 22 October

The new board of Infrastructure Leasing & Financial Services (IL&FS) took the first big step towards reviving the debt-ridden company by appointing two financial and transaction advisors and a restructuring advisor.

Arpwood Capital and JM Financial Consultants, the appointed financial advisors, will help the board with transaction and monetisation decisions. It will help the firm in reaching valuation numbers of proposed disinvestments, including stake sales, that the new board is likely to take in the coming weeks.

Alvarez & Marsal, on the other hand, will assist “in maintaining strict controls on and managing liquidity on a day-to-day basis at all levels in the group, evolving a resolution plan, and management of stakeholders as regards the resolution at the time of the implementation”, a statement from the company said. The firm, which specialises in turnaround management, had also been appointed by the old board, which was superseded on October 1, after the corporate affairs ministry moved the National Company Law Tribunal (NCLT).

A *Reuters* report on Monday quoted a government official saying the new board would come up with a revival plan that could include selling stakes in some of its 348 group companies. The official, who declined to be named, said the revival plan could include selling big stakes, including in IL&FS Financial Services and IL&FS Energy Development, or even “closing” them.

He said the government could also ask the National Highways Authority of India to take over some incomplete road projects and award them to others. Also, according to the official, there would not be any budgetary support from the government to bail out IL&FS, though Life Insurance Corporation, which holds 25.34 per cent in IL&FS, could pump in more money. State-owned firms own nearly 40 per cent of the company.

“We are confident that the new management will come up with a road map for the revival of the company,” the official told *Reuters* on Monday. “The government will not give any money from its budget.” Finance Ministry spokesman D S Malik declined to comment.

FINDING A SOLUTION

- JM Financial and Arpwood Capital to help firm with divestment valuations
- Alvarez & Marsal will help manage liquidity issues and resolution plans
- Board likely to go for proposed disinvestments, including stake sales
- Stake sales could be in IL&FS Financial Services, IL&FS Energy Development
- No budgetary support for IL&FS bailout, government official tells *Reuters*
- Life Insurance Corporation could pump money into IL&FS, official says
- NHAI could take over some incomplete projects and award them to others



IL&FS had debt of over ₹910 billion as of September 2018.

“Engaging investment banks to get an independent assessment is in keeping with good governance practices. It will be good to have further clarity on whether they are adopting a holistic approach or are dealing with it part by part,” said Ashvin Parekh, managing partner of Ashvin Parekh Advisory Services.

The trouble at IL&FS began when it defaulted on ₹12-billion loans to the Small Industries Development Bank of India in August and September and later spiralled into further defaults including ₹1.72 billion on inter-corporate deposits, ₹145.7 million in letters of credit and ₹1 billion on repayments of principal and interest for a loan facility in October. As of October 7, IL&FS and its subsidiaries had defaulted on debt obligations totalling ₹41 billion.

3 firms to advise IL&FS on revival

A proposed rights issue for IL&FS to raise ₹45 billion, decided by the previous board, devolved last Friday, creating further uncertainty for the company as it needs ₹35 billion in liquidity support immediately. The issue was open from October 5 to October 19.

The company has ₹40 billion worth debt and bonds coming up for redemption in the coming weeks.

After the NCLT allowed the government to take over IL&FS and reconstitute the board with the latter's nominees, the corporate affairs ministry moved another petition on October 12. The ministry asked the Mumbai Bench of the NCLT to grant the new board “immunity”, under Section 242 of the Companies Act, for three months against any action by regulators and authorities in case the company and its subsidiaries were to default on further debt obligations. The plea was rejected.

The ministry appealed against the decision at the National Company Law Appellate Tribunal (NCLAT), which overturned the NCLT's decision on October 15 with an interim order. The NCLAT accepted the government's plea and extended “protection” to IL&FS and its 348 subsidiaries. It also ordered a stay on suits filed by any party, bank or company against IL&FS and its subsidiaries.

The company's bankers and lenders are also barred from exercising their right to set off their dues against current accounts and other deposits of the company (and its subsidiaries or associate companies), stated the NCLAT in its order. NCLAT will hear the case next on November 13.

IL&FS board selects advisors to execute resolution plan

OUR BUREAU

Mumbai, October 22

The seven-member government-appointed board of IL&FS has selected advisors – two financial and transactions advisors (FTAs) and a restructuring advisor – for developing and executing a resolution plan for the debt-laden company.

The selection was made after evaluating investment banks and advisory firms. Arpwood Capital Pvt Ltd and JM Financial Consultants Pvt Ltd have been selected as FTAs to the IL&FS Group. Alvarez & Marsal has been appointed as restructuring advisor to the group.

FTAs will be advising the newly-constituted board of directors of IL&FS on solutions towards resolution for

IL&FS, along with other advisors, if any. Beside acting as FTAs, Arpwood Capital and JM Financial Consultants will also undertake valuations across disinvestments and monetisation.

Alvarez & Marsal will assist the board in maintaining strict controls on managing liquidity on a day-to-day basis at all levels in the group. It will also evolve a resolution plan and management of stakeholders as regards the resolution at the time of the implementation.

The IL&FS board, in its meeting held last week, considered it important to harmonise all asset monetisation activities, including ongoing initiatives, and to undertake them in a transparent and speedy manner, aligned to the



IL&FS expects to complete its divestment plan over the next 12 to 18 months in a systematic and professional way

broader objective of optimising the interest of different stakeholders.

IL&FS' previous board, at its meeting on August 29, had approved the company's specific asset divestment plan, based on which IL&FS expects to re-

duce its overall debt by ₹30,000 crore.

Out of a portfolio of 25 projects identified for sale, firm offers have already been received for 14 projects, the company had said in a statement. The company expects to complete its divestment plan over the next 12 to 18 months in a systematic and professional way to fulfill its commitments

Pursuant to the orders of the National Company Law Tribunal (Mumbai), on an application by the Ministry of Corporate Affairs, dated October 1, 2018, and October 3, 2018, the board of IL&FS was reconstituted, and Uday Kotak, Vineet Nayyar, GN Bajpai, GC Chaturvedi, Malini Shankar, Nand Kishore and CS Rajan, were appointed as directors.

RESOLUTION PLAN

IL&FS appoints three advisers

ENSECONOMIC BUREAU

MUMBAI, OCTOBER 22

IL&FS ON Monday said it has appointed Arpwood Capital, JM Financial Consultants and Alvarez & Marsal as advisers to develop and execute a resolution plan to take the company out from its crisis.

While Arpwood and JM Financial have been appointed as financial transaction advisers, Alvarez & Marsal will be the restructuring adviser. In an e-mailed statement, IL&FS said the two financial transaction advisers will undertake a valuations exercise of the company's assets prior to deciding which assets to

dispose and generate funds. According to sources, a number of buyers have expressed interest in purchasing the roads and energy assets of IL&FS, with Cube Highways, Lone Star Funds, and India's National Investment and Infrastructure Fund (NIIF) among those interested.

Alvarez & Marsal will assist its board of directors in maintaining strict controls on and managing liquidity on a day-to-day basis at all levels in the group, evolving a resolution plan and management of stakeholders.

IL&FS also said that in its meeting held last week, IL&FS' new board considered it important to harmonise all asset monetisation activities, including on-

going initiatives.

Arpwood Capital is a boutique investment banking outfit founded by veteran deal-maker Rajeev Gupta. Gupta was the head of US private equity firm Carlyle India's operations from 2005 to 2010, prior to which he was head of investment banking at Hemendra Kothari-led DSP Financial Consultants, which later partnered with Merrill Lynch.

JM Financial is headed by another veteran and top investment banker Nimesh Kampani, founder and non-executive chairman of JM Financial Limited. Alvarez & Marsal is a global turnaround management and performance improvement consultant. **FE**

Arpwood, JM, Alvarez to help IL&FS with liquidity

TIMES NEWS NETWORK

Mumbai: IL&FS has appointed Arpwood Capital and JM Financial to evaluate assets of the group before entering into negotiations with potential buyers. The new board of the company has also retained Alvarez & Marsal to manage day-to-day liquidity, deal with stakeholders and to help draw up a resolution plan.

According to company sources, Arpwood and JM — which have been named ‘financial and transaction’ advisers — will speak to partners in joint ventures and find out their willingness to acquire IL&FS stakes. Arpwood Capital was set up by former Carlyle MD Rajeesh Gupta. The firm shot to the big league with the Essar Oil-Rosneft deal last year.

Alvarez & Marsal have a challenging role in managing stakeholders as a Rs 4,500-crore rights issue cleared by the earlier board was dropped and the new board was directed to submit a fresh resolution plan to the National Company Law Tribunal by the end of this month.

There have been talks about IL&FS being in talks with a number of buyers to sell road assets of IL&FS Transportation Networks (ITNL), which comprises nearly 60% of the group’s assets.

The names that have been doing the rounds include Canada’s Omeris, Cube Highways and Lonestar, among others. Insiders say that any sale will take place only after a fresh valuation of the assets. “The board has considered it important to harmonise all asset monetisation activities,” the company said in a statement.

IL&FS names advisors for recast

Mumbai: The newly constituted Board of Infrastructure Leasing and Financial Services (IL&FS) Monday said it has appointed three advisors to formulate and execute a resolution plan for the debt-ridden company.

Arpwood Capital and JM Financial have been appointed as the financial and transaction advisors (FTAs), while Alvarez and Marsal (A&M) as the restructuring advisor to the company's Board, according to a release.

The FTAs, along with other advisors, would be advis-

IL&FS ENGG & CONSTRUCTION



ing the new Board on solutions towards resolution for IL&FS. The two agencies would also undertake valuations across divestment and

monetisation, it said.

A&M, as restructuring advisor, would assist the Board in maintaining strict controls on and managing liquidity on a day-to-day basis at all levels in the group, it said.

It would also evolve a resolution plan and management of stakeholders with regards to the resolution at the time of implementation, the release said.

It can be noted that the previous Board had also appointed Alvarez and Marshal to formulate a turnaround strategy.