



**INVITATION FOR EXPRESSIONS OF INTEREST
FOR
THE ACQUISITION OF IL&FS' EQUITY INTERESTS IN
IL&FS SECURITIES SERVICES LIMITED ALONG WITH ISSL SETTLEMENT &
TRANSACTION SERVICES LIMITED**

This refers to the advertisement issued in *The Economic Times* dated November 13, 2018 and the *Maharashtra Times* dated November 13, 2018 regarding the proposed sale of IL&FS's shareholding in ISSL along with its shareholding in ISTSL (collectively the "**Potential Sale**"). 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 filed the Report with the Hon'ble National Law Tribunal Mumbai (Special) Bench ("**NCLT**"), expressions of interest ("**EOIs**") are hereby being invited from interested parties ("**Applicant**") 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 **Potential Sale** and the process thereof 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.

A. Background

1) ISSL

ISSL is engaged in providing professional clearing member (PCM) 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 Proposed Sale, subject to their agreeing to the terms being offered for their respective shares in ISSL.



2) ISTSL

ISTSL is engaged in providing professional clearing member (PCM) 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 EOI 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.

B. Net Worth and related Eligibility Criteria

To be eligible to participate in the Potential Sale process, Applicants must comply with the following criteria:

1) For Banks

a) Financial Criterion -

- (i) minimum net worth (“NW”) of INR 500 crore, as per the latest audited balance sheet.

b) Other Criterion –

- (i) Banks should not be under the prompt corrective action framework issued by the Reserve Bank of India.

2) For Other Bodies Corporate and Investment Funds

a) Financial Criteria -

- (i) For bodies corporate, minimum tangible NW of INR 500 crore, as per the latest audited balance sheet;
- (ii) for investment funds, including private equity funds: (I) minimum assets under management in India of INR 2,000 crore as of March 31, 2018 or later; or (II) committed funds available for investment/deployment in companies incorporated in India of at least INR 2,000 crore, as of March 31, 2018 or later;

b) Notes on NW –

- (i) NW shall be computed in the manner set out in Section 2(57) of the Companies Act, 2013, as amended;
- (ii) NW requirement can be met either by: (I) the Applicant; or (II) if the Applicant is a subsidiary with at least 51% equity shareholding (on a fully diluted basis) being held by the parent or a promoter, as the case may be, in each case on a consolidated basis;
- (iii) For calculation of NW, any compulsorily convertible instrument can also be included;

- (iv) In case the Applicant is a consortium, then the NW requirement must be met based on a weighted average basis of the consortium members' stake in the consortium;
- (v) Applicants, who are not domiciled in India, should convert all monetary amounts into Indian Rupees at the foreign exchange rate stipulated by RBI (as of 9th November, 2018);
- (vi) NW has to be computed as per the latest audited balance sheet, which balance sheet date shall be for a financial year ending between July 01, 2017 and June 30, 2018 or later.

3) **Other Eligibility criteria for all Applicants -**

- (a) The Applicant shall be in compliance with the requirements for a 'fit and proper person' set out in Schedule II of the SEBI (Intermediaries) Regulations, 2008, as amended.
- (b) The Applicant shall not have been debarred or restrained by any regulatory authority from making investments;
- (c) The Applicant is not ineligible under the provisions of Section 29A of the Insolvency & Bankruptcy Code, 2016 to participate in the Potential Sale process.

C. Guidelines for the Submission of EOI

Interested Applicants must submit:

- (a) duly executed EOIs in the format set out in **Annexure A**,
- (b) a profile of the Applicant; and
- (c) proof of authorization for the execution of the EOIs.

Such submission shall be by e-mail to ilfs.issl@ilfsindia.com, with a copy to ilfs.issl@jmfl.com and ilfs.issl@arpwood.com.

Emails should clearly set out the subject as "***Expression of Interest for ISSL and ISTSL***" and should be submitted no later than **5 pm Indian Standard Time, Friday, November 23, 2018**.

D. Other information

- a) Unless any changes or modifications to this invitation for EOI are uploaded on www.ilfsindia.com/ad/, the terms of this invitation for EOI shall be final and binding on all Applicants.
- b) If, at any time during the process for the Potential Sale, IL&FS determines (at its sole discretion) that any Applicant does not fulfill any of the above conditions, then IL&FS shall have the right to



immediately cease to engage with such Applicant without providing any reasons or incurring any liability whatsoever.

c) IL&FS reserves the right, at its sole discretion, to reject all or any of the EOIs, without providing any reasons or incurring any liability whatsoever.

d) IL&FS reserves the right to suspend, terminate or modify the process for the Potential Sale, without providing any reasons or incurring any liability whatsoever.

e) The Applicant shall maintain confidentiality of the information received as part of the Potential Sale process and shall not use such information to cause any undue gain or undue loss to itself or any other person.

f) Eligible Applicants shall be determined by IL&FS at its sole discretion and will be intimated in due course. Such eligible Applicants will be: (I) required to execute a non-disclosure undertaking/ agreement in a prescribed format; and (II) provided an information memorandum containing details of the assets on Potential Sale, the proposed transaction structure, process letter and other information in relation to the Potential Sale.



Annexure A

Format of Expression of Interest

[On the letter head of the Applicant]

Date: [●]

To

The Board of Directors,

Infrastructure Leasing & Financial Services Limited.

Subject: INVITATION FOR EXPRESSION OF INTEREST FOR THE ACQUISITION OF IL&FS' EQUITY INTERESTS IN IL&FS SECURITIES SERVICES LIMITED AND ISSL SETTLEMENT & TRANSACTION SERVICES LIMITED

Respected Directors,

We refer to the advertisement issued in *The Economic Times* dated November 13, 2018 and the *Maharashtra Times* dated November 13, 2018, and the invitation for Expression of Interest available at www.ilfsindia.com/ad/, in respect of the proposed sale of IL&FS's shareholding in ISSL along with ISTSL (collectively the "**Potential Sale**").

We hereby confirm that we are desirous of participating in the Potential Sale, and would like to submit this expression of interest ("**EOI**").

We confirm that we have understood the terms and conditions applicable to the submission of EOI. We confirm and undertake that the information furnished by us in this EOI and supporting documents is true, correct, complete, and accurate.

We confirm that we fulfil each of the 'eligibility criteria' mentioned in the invitation for EOI. Please find attached our profile along with the documents (and details of the eligible consortium, if any) in support of our submission.

[Our net worth as per the last audited balance sheet dated ____ is [●].] OR [Our minimum assets under management in India as of ____, 2018 is [●]] OR [Our committed funds available for investment/deployment in companies incorporated in India as of ____, 2018 is [●]].

We agree, acknowledge and declare that:

- (a) The person signing this EOI and other supporting documents is an authorized signatory who is supported by necessary board resolutions/authorization letter of the applicant (*as enclosed*);
- (b) The Applicant is (and shall be) in compliance with the requirements for a 'fit and proper person' set out in Schedule II of the SEBI (Intermediaries) Regulations, 2008, as amended.
- (c) The Applicant has not been debarred or restrained by any regulatory authority from making investments;



- (d) The Applicant is not ineligible under the provisions of Section 29A of the Insolvency & Bankruptcy Code, 2016 to participate in the Potential Sale process.
- (e) The Applicant shall maintain confidentiality of the information received as part of the Potential Sale process and shall not use such information to cause any undue gain or undue loss to itself or any other person.
- (f) [*If the Applicant is a Bank*] The Applicant will be eligible in accordance with the provisions of the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, to acquire the shares of ISSL along with ISTSL in accordance with the process for the Potential Sale.
- (g) [*If the Applicant is a Bank*] The Applicant is not be under the prompt corrective action framework issued by the Reserve Bank of India.

With respect to the Potential Sale, we agree and confirm to IL&FS that:

- (a) We are aware that the consummation of any transaction pursuant to the process initiated by this EOI will be subject to requisite approvals, including, the approval of the Board, approvals required under applicable law and approval of the National Company Law Tribunal;
- (b) If we do not meet any of the eligibility criteria throughout the Potential Sale process, then IL&FS shall have the right, exercisable at its sole discretion, to forthwith terminate our involvement in the Potential Sale. We will promptly intimate IL&FS of any material adverse change or any ineligibility in respect of the conditions set out in the Invitation for EOI issued by IL&FS, including any developments that impact our ability to complete the transaction envisaged in the Potential Sale;
- (c) IL&FS reserves the right to request for additional information or clarification(s) from us for the purposes of the EOI and we shall promptly comply with such requirements;
- (d) IL&FS reserves the right to determine at its sole discretion, whether or not we are eligible for the proposed transaction and may reject the EOI submitted by us without assigning any reason or without incurring any liability whatsoever;
- (e) We have provided, and will provide, all information and data during the Potential Sale process, in a manner that is true, correct, accurate and complete and no such information, data or statement provided by us is (nor, when provided, will it be) inaccurate or misleading in any manner; and
- (f) IL&FS reserves the right to suspend, terminate or modify the process under this EOI or subsequent steps at any time, without providing any reasons or incurring any liability whatsoever.



Yours sincerely,

On behalf of [*name of applicant*]

Signature:

Name of Signatory:

Designation:

Contact No.:

E-mail ID:

Address:

Enclosures:

1. Profile of the Applicant;
2. Authority Letter