

INFRASTRUCTURE LEASING AND FINANCIAL SERVICES LTD.: CORPORATE GOVERNANCE FAILURE¹

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Infrastructure Leasing & Financial Services Ltd. (IL&FS) was one of India's largest unlisted infrastructure developers; valued at ₹1 trillion,² and with more than 300 group firms, it was an important non-deposit-taking core investment company, according to the Reserve Bank of India.³ However, in May 2018, the Indian credit rating firm ICRA⁴ downgraded IL&FS's debt instrument from investment grade to junk. Since September 12, 2018, IL&FS had defaulted on its debt obligations, particularly interest payments, more than seven times. Fear about the company's liquidity spread across the market, causing drops in several major stock market indexes, including the Bombay Stock Exchange Sensitive Index and the National Stock Exchange 50 Index.⁵ IL&FS had over ₹910 billion in debt and was facing a severe liquidity crisis; it needed an immediate capital infusion of ₹30 billion.

On September 28, 2018, IL&FS's board of directors met with shareholders to discuss the company's revival and their plan to raise capital by issuing ₹45 billion in rights shares. However, on October 1, 2018, India's National Company Law Tribunal granted the Government of India permission to take over the debt-ridden company's board of directors.⁶

Upon the announcement of IL&FS's new board, the stock value of two related companies—IL&FS Transportation Networks Ltd. (ITNL) and Dewan Housing Finance Corporation Ltd.—increased by 20 per cent.⁷ The government-appointed board included Uday Kotak and Vineet Nayyar. Kotak was the executive vice chairman and managing director of Kotak Mahindra Bank. Nayyar, who was named Vice-Chairman and Managing Director of IL&FS, had previously guided Satyam Computers through a corporate scandal in 2009 and had managed its transition until its eventual sale to Mahindra Group.

The new board was tasked with managing IL&FS's crisis. Should the company sell some of its subsidiaries and/or assets? Should it be merged with a government-backed infrastructure and finance company? Or could the board raise enough capital through issuing rights to new or existing shareholders?

IL&FS BACKGROUND AND BUSINESS MODEL

IL&FS was formed in 1987 as an investment company by three public-sector financial institutions: the Central Bank of India, the Housing Development Finance Corporation Ltd. (HDFC), and the Unit Trust of

India. Its objective was to provide loans to major Indian infrastructure projects. By March 31, 2018, 84.55 per cent of its shares were held by various public-sector national institutions or by international financial institutions. More specifically, the Life Insurance Corporation Ltd. held 25.34 per cent, Orix Corporation Japan held 23.54 per cent, the Abu Dhabi Investment Authority held 12.56 per cent, HDFC held 9.02 per cent, the Central Bank of India held 7.67 per cent, and the State Bank of India held 6.42 per cent. Of the remaining 15.45 per cent, the majority was held by the IL&FS Employee Trust.⁸

IL&FS had divided its business across three main vertical business lines: an Infrastructure group (including transportation, energy, urban infrastructure development, maritime projects, waterworks, and waste management), an Information Technology group, and a Project Development Advisory group. The company also included a Finance group and an Environmental and Social Infrastructure group.⁹

Ravi Parthasarathy, a co-founder of another non-banking finance company (NBFC), was IL&FS's first President and Chief Executive Officer (CEO), and in 1989 he was also appointed its managing director. After the IL&FS Chairman Meleveeti Damodran left in 2006, Parthasarathy assumed the dual role of managing director and chairman. Parthasarathy resigned in July 2018, having served in various capacities at IL&FS for over 30 years. IL&FS's largest shareholder, the Life Insurance Corporation of India, subsequently appointed Hemant Bhargava as non-executive chairman of IL&FS. Bhargava had previously served as the managing director of the Life Insurance Corporation of India and had been nominated for the IL&FS board.¹⁰

Business Model

IL&FS's original mandate was to finance the building and maintenance of infrastructure projects, such as toll roads, ports, power generators, and power distribution sites that were meant to be commercially viable over the long term. However, as infrastructure became a central theme over the ensuing two decades after the company's founding, it used its first-mover advantage to seize increasingly far-flung opportunities that spanned the gamut of infrastructure development. The firm's mantra ("From concept to execution") led it to shift its focus from sponsoring projects to facilitating them and, eventually, to implementing them.¹¹

Over time, IL&FS developed business interests in many areas, such as roads, bridges, tunnels, real estate,¹² waste management, ports, and water treatment plants. It also became involved in financing various infrastructure-related projects, and it provided consultation services in infrastructure development. In addition, it also had interests in education, technology, and energy (power generation and solar power), as well as in engineering, procurement, and construction (EPC)¹³—in short, it was involved in every infrastructure development project in the country.

In 2018, IL&FS had 348 group companies, including subsidiaries, joint ventures, associate entities, and SPVs. Of these, 25 were direct subsidiaries, 135 were indirect subsidiaries (including 45 foreign companies), 6 were joint ventures, and 4 were associate companies. Moreover, each firm was further subdivided into additional legal entities, with a considerable amount of cross-ownership and ownership by the SPVs of various governments (see Exhibit 1). Of the 25 direct subsidiaries, only 3 were listed on both the Bombay Stock Exchange and the National Stock Exchange of India: IL&FS Investment Managers Ltd., ITNL, and IL&FS Engineering and Construction Company Ltd. IL&FS itself remained a private company.

In March 2016, IL&FS internally discussed the possibility of launching an initial public offering (IPO) to raise equity. However, although an IPO committee had been set up four years earlier, no serious efforts were made to prepare the company to go public. The company's CEO and its Chairman "preferred to share information on a need-to-know basis with the outside world." Over the previous 15 years, there had been

no senior-level departures;¹⁴ even the company's auditor, Deloitte, had remained for almost a decade. As a result, nobody questioned the company's decision to remain private.¹⁵ IL&FS was widely acknowledged as a pioneer in public-private partnership projects in India, the IL&FS model was to build projects under subsidiaries and special purpose vehicles (SPVs), monetize them, and then take on new projects, as reflected in its financial statements and ratios (see Exhibits 2–5).

ITNL

ITNL was a public limited firm listed on both the Bombay Stock Exchange and the National Stock Exchange of India; it was formed in 2000 as a wholly-owned subsidiary, with IL&FS retaining 73.22 per cent equity ownership. It was a leading transportation infrastructure company and was the largest private-sector, build-operate-transfer (BOT) road operator, with 13,493 lane kilometres (km) of road assets that comprised a mix of toll- and annuity-based projects.¹⁶ It had also ventured into other transportation sub-sectors, such as railways, urban transportation infrastructure systems, and border checkpoint systems. After having implemented projects across 17 Indian states, it had expanded internationally by building roads in Spain, Portugal, Latin America, the United States, China, Ethiopia, Botswana, and the United Arab Emirates. It also acquired Elsamex SA, a Spanish company with skills in the operation and maintenance of infrastructure assets, especially roads.¹⁷

ITNL had successfully implemented many projects and had earned a favourable reputation in the industry.¹⁸ Some of its most notable projects included the Delhi-Noida toll bridge; the Ranchi-Patratu dam road (35 km); the Chenani-Nashri highway tunnel; the country's longest road tunnel, in Jammu and Kashmir (9.3 km); the Baleshwar Kharagpur expressway;¹⁹ a Tripura power company project; Gujarat International Finance Tec-City; and a sports hub in Trivandrum, in the Indian state of Kerala.²⁰

In August 2018, ITNL was involved in 33 projects and an additional 4 EPC projects; its order books were worth ₹50.57 billion (BOT), ₹54.02 billion (EPC), and US\$117 million (international projects). Eight of its Indian road projects were under various stages of development. It had an average daily toll and annuity revenue of ₹97.2 million, and it reported that its standalone income from operations was ₹8.07 billion, compared to ₹7.49 billion in the first quarter of 2017; however, it reported a loss after taxes of ₹2.48 billion. Its total assets on March 31, 2018 were ₹193.95 billion.²¹

IL&FS Financial Services Ltd.

IL&FS Financial Services Ltd. (IFIN) was a leading non-banking finance company that provided financial and advisory solutions. IFIN was a wholly-owned subsidiary of IL&FS that specialized in infrastructure financing transactions and undertook debt syndication and corporate advisory. IFIN had also established an international presence through its own wholly-owned subsidiaries: IL&FS Global Financial Services Pvt. Ltd., in Singapore; IL&FS Global Financial Services (UK) Ltd., in the United Kingdom; IL&FS Global Financial Services (Middle East) Ltd., in the United Arab Emirates; and IL&FS Global Financial Services (Hong Kong) Ltd., in Hong Kong. In addition to its infrastructure financing business, IFIN also had interests in other financial services.²²

IL&FS Engineering & Construction Company Ltd.

IL&FS took over Maytas Infra Ltd. in August 2009, after the target firm became entangled in a financial scandal. On January 7, 2011, IL&FS held a 37.1 per cent equity ownership in Maytas Infra Ltd. and renamed

the company IL&FS Engineering and Construction Company Ltd.²³ The company was involved in the construction and development of roads, irrigation projects, buildings, oil and gas infrastructure, railway infrastructure, power plants, power transmission and distribution lines, refineries, petrochemical plants, airports, seaports, water treatment systems, and water generation. As of March 31, 2018, the firm had been awarded new projects worth ₹16.327 billion.²⁴ Nearly 21 percent of the company was owned by IL&FS, and an additional 21.29 percent was owned by IFIN. Non-institutional investors held 9.70 per cent of the company's shares, while various financial institutions (e.g., mutual funds, banks) held 7.52 per cent; retail investors held the remaining 27.87 per cent of shares.²⁵

INDIA'S INFRASTRUCTURE AND CONSTRUCTION SECTOR

The Indian government announced major infrastructure and construction initiatives in its Union Budget for 2018–19, with an allocation of ₹5.97 trillion. Railways received their highest ever budgetary allocation, at ₹1.48 trillion, while ₹160 billion was allocated toward nationwide universal household electrification, and ₹42 billion was allocated to increase the capacity of a green energy corridor project, along with other wind and solar power projects. The budget also allocated ₹100 billion to boost the country's telecom infrastructure and ₹2.05 trillion to 100 Indian cities that had been selected as part of a smart cities project. Overall, the Indian government planned to invest ₹50 trillion in infrastructure, including bridges, dams, roads, and urban and power infrastructure, by 2022, with significant amounts of funding from international investors, such as the Asian Infrastructure Investment Bank.²⁶

The government also initiated plans for urban rejuvenation and transformation, as well as the provision of additional housing for people in both rural and urban areas. According to the Ministry of Road Transport and Highways, "India's national highway network was expected to cover 50,000 km by 2019, with around 20,000 km of works scheduled for completion in the next couple of years," while the Department of Telecommunications had devised a plan to provide a Wi-Fi facility to 550,000 villages by March 2019 for an estimated cost of ₹37 billion. India also worked with Japan to establish an "India-Japan Coordination Forum for Development of North East" to undertake strategic infrastructure projects in India's northeastern region.²⁷ In January 2018, the National Investment and Infrastructure Fund also partnered with the global port operator DP World, based in the United Arab Emirates, to create a platform for significant investment in India's ports, terminals, and transport and logistics businesses.²⁸

Roads

The Ministry of Road Transport and Highways' ambitious road project sought to optimize the efficiency of freight and passenger movement across the country by developing several road corridors and expressways. Many agencies were selected to implement different aspects of the project, including the National Highways Authority of India, the National Highways and Infrastructure Development Corporation Limited, various state public works departments, and several state road development corporations.²⁹

Railways

The 2018–19 Railway budget focused primarily on ambitious big-ticket expansion and modernization projects for high-speed rail and railway terminal development. Overall, the plan called for the launch of more than 300 projects and an investment of ₹17.68 trillion.³⁰

Urban Infrastructure

The urban economy contributed around 60 per cent of the country's gross domestic product. Moreover, India's urban population was expected to increase from 31 per cent of the country's total population in 2011 to 40 per cent by 2030. To transform the urban landscape, the government proposed to invest ₹2.04 trillion in urban rejuvenation, smart city, and universal housing initiatives.³¹

Irrigation, Water, and Waste Water

The Ministry of Water Resources proposed several schemes to improve the country's irrigation, water management, handling of effluents, and inter-linking of rivers.³²

Power

The Indian government introduced an ambitious central plan to reach 100 per cent household electrification by March 2019. With a total budget of ₹15 trillion, this plan created numerous business opportunities related to power generation, distribution, transmission, and equipment manufacturing. The government also planned to add 175 gigawatts of renewable energy generation, including 100 gigawatts of solar power, by 2022. Although more than 70 per cent of India's 319,000 megawatts of installed generation capacity was coal-based, India sought to become the global leader in installed renewable energy plant capacity by 2025. Besides, India planned to invest US\$100 billion in gas infrastructure by 2022, including adding 228 cities to its gas distribution network. This plan called for the establishment of liquefied natural gas terminals, pipeline projects, and the completion of the country's gas network.³³

To address the opportunities in infrastructure development, IL&FS was implementing big-ticket infrastructure projects such as the ₹68 billion Zoji La Tunnel in Jammu & Kashmir, which would be Asia's longest bi-directional tunnel. Many IL&FS projects were being implemented by as many as 12 step-down subsidiaries, most of whom were overleveraged. All these companies had borrowed with support from the parent company. The cash flow it received was ploughed back to win more contracts rather than pay down debt. Further, when payments did not come in time, they bid for more contracts to enable them to borrow more to repay other dues. This aggravated the situation³⁴. At a consolidated level, IL&FS was estimated to have a long-term debt of over ₹650,000m and current liabilities of over ₹390 billion. Between 2011 and 2018 its long-term debt rose from ₹350 b to ₹998 b, almost a 300% increase.³⁵

IL&FS claimed that the authorities owe ₹160 billion, which, if cleared, would help solve its liquidity problems whereas the National Highways Authority of India claimed that the dues of NHAI were only ₹40 billion. In addition, IL&FS had arbitration claims worth ₹700 billion with NHAI³⁶.

Asset and Liability Issues

The firm had suffered a huge loss of ₹18.86b in 2018. Its quality of earnings was weak due to the presence of numerous related party transactions (see Exhibit 6)³⁷. The dividend income from subsidiaries had fallen from ₹4.28b in 2016-17 to ₹2b in 2017-18. There had been instances of group companies having sold business to each other at a profit³⁸. As of November 4, 2018, the IL&FS had total debt outstanding at ₹910b - nearly two-third of which was from banks³⁹. In addition, the company had sold the short-term commercial paper to mutual funds and insurers. Apart from substantial amounts of commercial paper, the company had issued fixed-rate and zero-coupon non-convertible debentures of varying amounts throughout the period.

DOWNWARD SPIRAL

The cracks in IL&FS's business model had started to appear three years earlier in 2015 when funding from banks began to taper off. Of the 22 banks that had a lending relationship with IL&FS, six had come under Prompt Corrective Action from the Reserve Bank of India, including IL&FS's leading bank lender, the Central Bank of India. The corrective actions required the banks to publish their consolidated accounts, thereby exposing IL&FS's true financial situation.⁴⁰

After that, IFIN began to encounter both financial and regulatory problems. It had lent large sums to IL&FS group companies that went well over the Reserve Bank of India's exposure norms, and the Reserve Bank of India directed IFIN to either reduce its group exposure from net owned funds or raise more capital to increase its net worth and capital adequacy. This entailed a lower capital adequacy ratio, thereby reducing IFIN's net owned funds. IFIN's asset quality also deteriorated massively, with gross non-performing assets (NPAs) exceeding 5 per cent, and one report feared that NPAs might still be underreported.⁴¹ In September 2018, IFIN's CEO Ramesh Bawa and the entire board resigned, and IL&FS sought to sell the entire subsidiary, although no buyers emerged.⁴²

IL&FS's largest concentration of assets was in roads and power, and its transportation subsidiary, ITNL alone had ₹370 billion in debt—nearly half of IL&FS's total debt—spread across many SPVs in roads, tunnels, and bridges. ITNL also had around two dozen BOT projects valued at over ₹200 billion; however, over the previous three years, ITNL had experienced a number of challenges, including a liquidity squeeze on road projects, lower toll realization, and shifts in government policy, first from BOT to EPC and then to a hybrid annuity model that combined both. Ultimately, 40 per cent of the payment to be made to infrastructure providers would be released upon project completion and the rest would be raised through debt and equity, serviced from annuity payments made by the government.⁴³

IL&FS was also heavily involved in power generation via its subsidiary IL&FS Engineering and Construction Company Ltd., which had a capacity of 3,000 megawatts and an additional 15,000 megawatts under development, including almost 5,000 megawatts from solar power, where tariffs had fallen. However, India's power sector was suffering from excess capacity, falling tariffs, coal shortages, and the reluctance of distribution companies to sign long-term power purchase agreements. Banks were also cautious about lending to power producers, but industry experts contended that it was difficult to find buyers for power projects and that banks needed to lower fees to make power projects viable. In April 2017, IL&FS Engineering and Construction Company Ltd.'s managing director, Su0 Wadhwa, left the company.⁴⁴

However, it was a different IL&FS subsidiary, the IL&FS Maritime Infrastructure Co., that served as the trigger for IL&FS's collapse. After setting up projects in logistics, IL&FS Maritime Infrastructure Co. had expanded into ports. However, in March 2018, the privatized Dighi Port, which had been jointly developed by IL&FS and a private partner, filed for bankruptcy after defaulting on payments to a creditor. IL&FS Maritime Infrastructure Co. had projected a profit of ₹360 million for 2017–18 but instead incurred a loss of ₹3.17 billion. IL&FS Maritime Infrastructure Co.'s entire loan was from IL&FS and IFIN, and IL&FS, which had projected a profit of ₹570 million that year, was forced to propose converting IL&FS Maritime Infrastructure Co.'s term loan into convertible debentures.⁴⁵

Overall, industry experts concurred that IL&FS's expansion had been haphazard and overly reliant on short-term debt from public-sector banks to fund projects with long completion times (see Exhibit 7 for IL&FS borrowing history). As early as 2015, IL&FS Chairman Parthasarathy had sought an investor to bail out the company, and billionaire investor and entrepreneur Ajay Piramal had come close to purchasing IL&FS; however, a key shareholder with a 24 per cent stake contested the valuation of Piramal's offer. Two other potential buyers later evaluated IL&FS but did not pursue a purchase.⁴⁶

DEFAULT AND RATING DOWNGRADE

By March 2018, IL&FS's long-term debt-to-equity ratio had increased to 2.97 from 2.40 a year previously.⁴⁷ Moreover, over the same period, its consolidated debt had increased by ₹11.211 billion, to ₹91.0913 billion, of which ₹570 billion consisted solely of bank loans, mostly from public-sector lenders. In June 2018, the first signs of a liquidity crisis surfaced when ITNL delayed repayment of intercorporate deposits to the Small Industries Development Bank of India. Later that month, IL&FS defaulted on intercorporate deposits and commercial paper issues amounting to ₹4.5 billion.⁴⁸

In July, the credit rating agency ICRA issued a note stating that “four of its subsidiary special-purpose vehicles reported irregularities in debt servicing. A fifth project had to dip into its debt service reserve to pay the dues.”⁴⁹ IL&FS's credit rating history of its debt instruments also showed clear problems (see Exhibit 8).⁵⁰ In August 2018, ICRA downgraded the long-term rating on ₹44.75 billion of IL&FS's non-convertible debentures from AAA to AA+&, indicating that the fund was under watch with developing implications. Another long-term debt of ₹3.5 billion was also downgraded from AAA to AA+&, and its commercial paper issue of ₹25 billion was confirmed to have a rating of A+&. ICRA's decision to downgrade IL&FS's debt took into consideration the “company's elevated debt levels due to the funding commitments towards group ventures,” as well as the deteriorating credit profiles of key investee companies.⁵¹ In September,⁵² ICRA further downgraded IL&FS's non-convertible debenture program, worth ₹52.25 billion, from AA+& to BB&; its commercial paper issue from A1& to A4&; and its long-term loan from AA+& to BB&. In its report, ICRA stated that although the IL&FS umbrella group had an opportunistic monetization scheme for a number of undertakings and initiatives, progress on multiple projects was slow, leading to increased leverage.⁵³

On September 4, 2018, IL&FS defaulted on another short-term loan of ₹10 billion from the Small Industries Development Bank of India (SIDBI), and one of its subsidiaries defaulted on ₹5 billion from “the development financial institution, which reportedly forced SIDBI to ask its chief general manager in charge of the risk management department to resign.”⁵⁴ By September 27, 2018, IFIN alone had defaulted on seven payment obligations worth ₹3.95 billion, stating in a regulatory filing that it was unable to service its obligations on its bank loans (₹2.395 billion), term deposits (₹1.0353 billion), and short-term deposits (₹524.3 million).⁵⁵

IFIN was promptly barred from accessing the commercial paper market for up to six months from the date of repayment.⁵⁶ IFIN's Managing Director and CEO, Ramesh C. Bawa, as well as several board members, resigned on September 21, 2018.⁵⁷

CURRENT SITUATION

On October 1, 2018, the Government of India secured approval from the National Company Law Appellate Tribunal to appoint a new Board of Directors for IL&FS. In addition to Nayyar, who would be involved in running the daily operations of the company and its subsidiaries, and Kotak, the new Board also included former banking secretary G. C. Chaturvedi and former Securities Exchange Board of India Chairman G. N. Bajpai, as well as three more directors (Exhibits 9 and 10 provide details of the existing board).⁵⁸

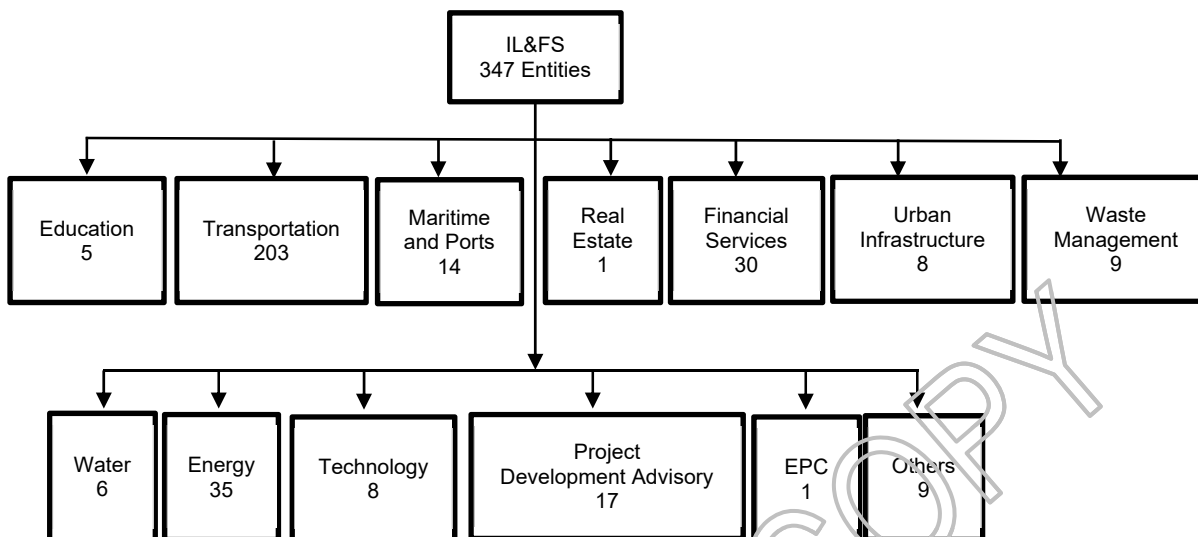
The corporate consulting firm Alvarez and Marsal (A&M) was appointed Resolution Adviser to IL&FS. A&M estimated that almost 100 entities within the group had operational cash gaps, including IL&FS itself, ITNL and several of its subsidiaries, IL&FS Energy Development Co. Ltd. and several of its subsidiaries, IL&FS Engineering and Construction Co. Ltd., IL&FS Environmental Infrastructure & Services Ltd., IL&FS Skill Development Corp., IL&FS Technologies Ltd., IL&FS Township and Urban Assets Ltd., and IL&FS Maritime Infrastructure Co.⁵⁹ A&M sought to develop a 13-week cash flow forecast to optimize the

group's cash flow. It also sought to review the existing capital structure of entities within the IL&FS group, assess the incremental funding requirements for capital expenditures and working capital at the relevant entity levels, classify entities based on debt serviceability and viability, identify entities suitable for monetization, identify encumbrances created on the assets of various entities within the IL&FS group, and approve divestments at the holding company level.⁶⁰

IL&FS's new board argued that credit rating agencies, the government, regulators, banks, and shareholders were all partly to blame for IL&FS's current status.⁶¹ The board also concluded that no single solution could resolve IL&FS's ₹910 billion debt crisis. The board recommended that entire business verticals should be sold to willing buyers; if that failed, the company would have to resort to asset-by-asset solutions. The board also evaluated and initiated additional divestments, including IL&FS Education, IL&FS Technologies, ONGC (Oil and Natural Gas Commission) Tripura Power Co., IL&FS Paradip Refinery Water Ltd., IL&FS's securities services businesses, and IL&FS's renewable energy assets. Income statements from IFIN, IL&FS Investment Managers Ltd., and ITNL were made available for interested buyers (see Exhibits 11–13).⁶²

The Board also implemented cost-cutting measures, including rationalizing salaries, removing superannuated consultants, and discontinuing certain businesses and verticals, which it estimated would save about ₹1 billion annually. The second phase of cost-cutting initiatives included talent restructuring and role amalgamation, resulting in 50 per cent savings in salaries and wages. The board also terminated lease rentals on guest houses used by group firms, saving an additional ₹56 million annually, and closed offices in various locations, saving another ₹49 million. Furthermore, the board planned to generate revenue by leasing out its Mumbai office space beginning in February 2019, which it estimated would bring in ₹135 million in rent as well as a ₹67 million as the security deposit.⁶³

However, the board needed to find long-term solutions. Previous development financial institutions had found it difficult to survive, and any rescue plan needed to address both current issues and future. The Board could consider divesting IL&FS in parts, enlisting a strategic investor, or selling equity to existing investors, such as the Life Insurance Corporation of India, the State Bank of India, Japan's Orix Corporation, or the Abu Dhabi Investment Authority. Insurers and pension funds with long-term funds could also provide a steady flow of capital; alternatively, it was suggested that IL&FS could be merged with the government-backed India Infrastructure Finance Company (see Exhibit 14). Which, if any, of these options might be viable?

EXHIBIT 1: INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED GROUP STRUCTURE

Note: IL&FS = Infrastructure Leasing & Financial Services Ltd.; EPC = Engineering and Procurement Company.
Source: Infrastructure Leasing & Financial Services Limited, *Annual Report 2018*, accessed January 2, 2019, www.ilfsindia.com/media/2022/annual-report-fy-2018.pdf.

EXHIBIT 2: IL&FS INCOME STATEMENT (IN ₹ MILLION)

Year	2015	2016	2017	2018
INCOME				
Operating Income	11,0659.1	14,061.13	154,927.6	176,725.0
Other Income	5,746.3	1,036.68	16,637.7	11,262.9
Total Income	11,6405.4	15,097.81	171,565.3	187,987.9
EXPENDITURE				
Operating and Administration Expenses	46,495.9	64,307.0	68,064.4	85,743.4
Miscellaneous Expenses	5,330.5	7,748.9	8,938.8	17,447.3
Interest	45,175.4	54,979.2	65,156.9	79,228.4
Less: Pre-operative Expenses Capitalized	1,530.3	685.9	316.4	257.7
Employee Expenses	9,249.8	11,063.5	11,484.2	12,381.8
Total Expenditure	104,721.3	137,412.7	153,327.9	194,543.2
Gross Profit	11,684.1	13,565.4	18,237.3	-6,555.4
Depreciation	4,640.3	8,356.9	12,060.1	14,536.9
Minority Interest (before Tax)	0	0	0	0
Profit Before Tax	7,043.8	5,208.5	6,177.2	-21,092.3
Tax	3,524.9	6,574.9	5,192.9	2,470.8
Deferred Tax	-155.4	-1,855.5	-1,941.6	384.7
Net Profit	3,674.3	489.2	2,925.8	-23,947.8
Minority Interest (after Tax)	1,230.9	117.0	1,443.3	-5,090.8
Profit and Loss of Associate Company	51.1	76.5	-64.2	-11.6
Net Profit After Minority Interest and Profit and Loss of Associate Companies	2,494.5	448.6	1,418.3	-18,868.5
Extraordinary Items	0	0	0	0
Adjusted Net Profit	2,494.5	448.6	1,418.3	-18,868.5
Adjustment Below Net Profit	-3,724.9	719.4	0	0
Profit and Loss Balance Brought Forward	12,472.2	4,404.0	983.1	-2,727.2
Appropriations	6,837.9	4,588.9	5,128.6	5,106.4
Profit and Loss Balance Carried Down	4,404.0	983.1	-2,727.2	-26,702.1
Dividend	1,027.2	0	171.5	990.1
Preference Dividend	1,339.4	1,571.6	2,043.1	286.4
Equity Dividend (per cent)	800.0	0	425.0	600.0
Dividend Per Share	80.0	0	42.5	60.0
Book Value	4,721.6	4,974.9	4,753.8	3,131.0

Source: Infrastructure Leasing & Financial Services Limited, CMIE Prowess database, accessed January 2, 2019.

EXHIBIT 3: IL&FS BALANCE SHEET (IN ₹ MILLION)

Year	2015	2016	2017	2018
SOURCE OF FUNDS				
Share Capital	7,334.0	9,831.5	9,831.5	9,831.5
Reserves Total	59,343.2	62,594.7	65,417.2	44,448.2
Total Shareholder Funds	66,677.2	72,426.2	75,248.7	54,279.7
Minority Interest	34,029.1	42,167.7	43,883.3	39,032.5
Secured Loans	491,485.7	537,110.2	608,367.4	680,672.7
Unsecured Loans	139,654.3	166,634.3	191,809.9	230,240.4
Total Loan Funds	631,140.0	703,744.5	800,177.3	910,913.1
Policy Holders Fund	0	0	0	00.0
Other Liabilities	27,948.7	28,886.0	30,063.0	39,657.1
Total Liabilities	759,795.0	847,224.4	949,372.3	1,043,882.4
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	225,587.3	334,394.4	432,940.7	470,593.3
Less: Accumulated Depreciation	24,463.4	33,066.2	43,447.8	57,080.0
Less: Impairment of Assets	0	0	0	0
Net Block	201,123.9	301,328.2	389,492.9	413,513.3
Lease Adjustment	-934.2	0	0	0
Capital Work in Progress	190,667.6	150,505.4	116,136.6	117,145.0
Investments	61,039.5	64,750.2	59,294.3	66,617.3
Current Assets, Loans & Advances				
Inventories	6,133.6	9,144.5	12,574.2	14,798.0
Sundry Debtors	20,569.7	30,851.9	41,592.6	55,396.1
Cash and Bank Balance	64,194.0	77,043.0	94,800.2	106,468.8
Loans and Advances	84,010.7	82,749.1	106,179.4	145,717.8
Total Current Assets	174,908.0	199,788.5	255,446.3	322,380.6
Less: Current Liabilities and Provisions				
Current Liabilities	49,900.5	70,196.6	83,364.8	112,915.5
Provisions	6,500.1	8,268.5	10,500.4	0
Total Current Liabilities and Provisions	56,400.6	78,465.1	93,865.2	112,915.5
Net Current Assets	118,507.4	121,323.4	161,581.1	209,465.1
Deferred Tax Assets	4,035.8	4,240.6	674.1	4,869.5
Deferred Tax Liability	4,086.0	2,260.9	2,134.3	1,347.3
Net Deferred Tax	-50.2	1,979.7	-1,460.2	3,522.2
Other Assets	189,391.1	207,337.4	224,327.5	233,619.5
Total Assets	759,795.0	847,224.3	949,372.3	1,043,882.4

Source: Infrastructure Leasing & Financial Services Limited, CMIE Prowess database, accessed January 2, 2019.

EXHIBIT 4: IL&FS CASH FLOW STATEMENT (IN ₹ MILLION)

Year	2015	2016	2017	2018
Cash and Cash Equivalents at Beginning of Year	5,864.0	10,310.6	7,534.5	3,167.4
Net Cash from Operating Activities	-9,674.5	2,903.2	-6,054.2	-25,740.7
Net Cash Used in Investing Activities	-18,769.0	-10,300.0	5,167.5	-1,688.5
Net Cash Used in Financing Activities	32,890.0	4,620.7	-3,480.4	29,838.4
Net Increase or Decrease in Cash and Cash Equivalent	4,446.5	-2,776.1	-4,367.2	2,409.2
Cash and Cash Equivalents at End of the year	10,310.6	7,534.5	3,167.4	5,576.6

Source: Infrastructure Leasing & Financial Services Limited, CMIE Prowess database, accessed January 2, 2019.

EXHIBIT 5: IL&FS KEY RATIOS

Year	2015	2016	2017	2018
Key Ratios				
Debt-Equity Ratio	2.33	2.75	2.43	2.91
Long-Term Debt-Equity Ratio	1.67	1.69	1.64	1.59
Current Ratio	0.67	0.75	0.85	0.72
Turnover Ratios				
Fixed Assets	3.54	3.57	3.26	3.42
Debtors	6.18	25.4	18.22	12.35
Coverage, Margin and Profitability Ratios				
Interest Cover Ratio	1.41	1.35	1.32	1.26
EBDIT Margin (per cent)	79.3	81.88	83.61	86.95
EBIT Margin (per cent)	78.8	80.97	82.64	85.26
EBDTM (per cent)	23.3	21.78	21.09	19.18
Net Profit Margin (per cent)	21.31	14.33	21.41	30.76
ROCE (per cent)	8.06	8.7	7.65	7.61
ROE (per cent)	5.43	3.46	4.97	11.08

Note: EBIT = earnings before interest, taxes; EBDIT = earnings before depreciation, interest and tax; EBDTM = earnings before depreciation, interest and tax margin; ROCE = return on capital employed; ROE = return on equity.

Source: Infrastructure Leasing & Financial Services Limited, CMIE Prowess database, accessed January 2, 2019.

EXHIBIT 6A: IL&FS RELATED-PARTY TRANSACTIONS WITH SUBSIDIARIES (IN ₹ MILLION)

Transaction	2015	2016	2017	2018
Total Revenue Receipts or Income	9,158.10	14,346.90	12,917.60	14,691.90
Income from Services to Related Parties	8,595.10	13,770.80	11,957.80	13,972.00
Reimbursement of Expenses by Related Parties			387.00	276.70
Other Income from Related Parties	563.00	576.00	572.70	443.10
Total Revenue Expenses or Payments	204.60	228.40	115.00	116.50
Payment for Interest	164.50	153.00	17.80	29.40
Payment for Other Revenue Expenses		27.60		
Payment for Other Operating Expenses	40.10	47.70	97.10	87.10
Total Capital Receipts	25,281.70	13,030.20	2,075.00	1,335.40
Receipts from Sale of Fixed Assets	1.30	0.10		
Receipts from Sale of Investments	25,280.40	13,030.00	2,075.00	1,335.40
Total Capital Account Payments	50,415.50	23,242.80	291.10	10,340.50
Payment for Fixed Asset Purchases	0.60			
Payment for Investments	50,414.90	23,242.70	291.10	10,340.50
Share Application Money Given (Asset)				4,880.00
Outstanding or Closing Balance of Investments	10,020.00	16,884.00	16,348.00	19,662.00
Net Outstanding Borrowing Taken or Loan Given	-9,199.10	-10,028.90	-14,858.20	-39,587.90
Outstanding Loans and Advances Taken	2,054.70	2,069.30	2,011.50	3,197.50
Borrowings Received During the Year	2,764.30	1,355.60	82.00	1,192.00
Borrowings Repaid During the Year	2,832.90	1,045.10	140.30	6.00
Outstanding Loans and Advances Given	11,253.80	12,158.80	16,869.70	42,785.50
Loans and Advances Given During the Year	63,295.30	366,753.20	139,498.90	102,171.40
Loans and Advances Received During the Year	58,107.80	55,967.60	35,796.60	87,873.70
Net Outstanding Current Receivables or Payables	1,463.20	5,137.20	8,289.50	12,580.80
Current Liabilities	1,348.30	1,424.70	351.20	282.60
Current Assets	2,811.50	6,562.00	8,640.70	12,863.40
Outstanding Guarantees Given				
Guarantees Given During the Year			7,383.40	7,837.70
Guarantees Taken During the Year	1,373.40	2,235.40		
Other Transactions				

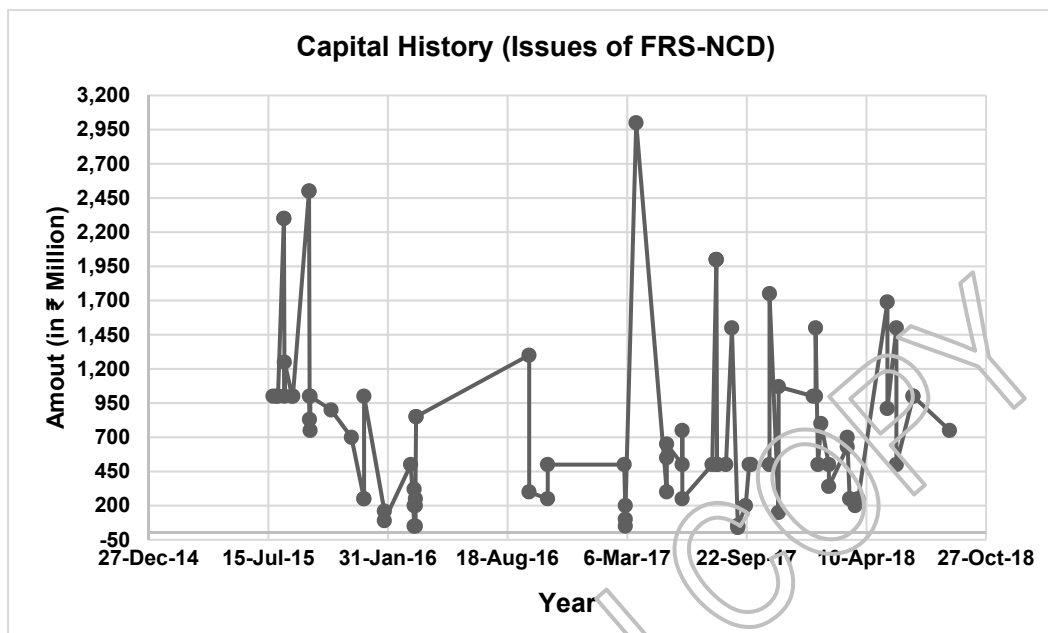
Source: Infrastructure Leasing & Financial Services Limited, CMIE Prowess database, accessed January 2, 2019.

EXHIBIT 6B: IL&FS'S FINANCIAL SERVICES' RELATED-PARTY TRANSACTIONS (IN ₹ MILLION)

	2015	2016	2017	2018
Total Revenue Receipts or Income	1,787.80	305.60	2,360.20	140.80
Income from Services to Related Parties	1,666.60	192.70	2,186.10	
Reimbursement of Expenses by Related Parties			57.10	34.00
Other Income from Related Parties	121.20	112.80	116.90	106.70
Total Revenue Expenses/Payments			27.00	18.20
Payment for Other Operating Expenses			27.00	18.20
Total Capital Receipts		0.10	1,401.90	
Receipts from Sale of Fixed Assets		0.10		
Receipts from Sale of Investments			1,401.90	
Net Outstanding Borrowing Taken or Loan Given				
Outstanding Loans and Advances Given				
Loans and Advances Given During the Year	31,640.00	307,837.00		
Loans and Advances Received During the Year	31,640.00	30,783.70		
Net Outstanding Current Receivables or Payables	-34.10			
Current Liabilities	34.10			

Source: Infrastructure Leasing & Financial Services Limited, CMIE Prowess database, accessed January 2, 2019.

EXHIBIT 7: IL&FS CAPITAL AND BORROWING HISTORY, 2015–2018



Note: IL&FS = Infrastructure Leasing & Financial Services Ltd., FRS-NCD = fixed-rate secured non-convertible debentures.
Source: Infrastructure Leasing & Financial Services Limited, CMIE Prowess database, accessed January 2, 2019.

EXHIBIT 7 CONTINUED

IL&FS Borrowing History (in ₹ million)

	2018 (as of March 31)			2017 (as of March 31)			
	Short-Term	Long-Term	Total	Short-Term	Long-Term	Total	
		Current	Non-Current		Current	Non-Current	
Debentures	—	13,590.05	33,715.80	—	7,849.90	72,685.85	80,535.75
Term Loans	2,600.00	7,258.27	16,013.15	3,200.00	6,179.25	18,545.88	27,925.13
Subordinated Debt	—	—	68.54	—	—	68.54	68.54
Loan Repayable on Demand	38.34	—	38.34	288.29	—	—197.12	288.29
Intercompany Deposits	11,003.50	3,000.30	14,053.80	4,592.06	680.00	—	5,469.18
Commercial Paper	20,072.90	—	20,072.90	4,992.58	—	—	4,992.58
Covered Warrants	—	—	1,943.00	—	—	1,943.00	1,943.00
Total	33,714.74	23,643.62	101,790.49	13,072.93	14,709.15	93,440.39	121,222.47

Source: Infrastructure Leasing & Financial Services Limited, Annual Report 2018, accessed January 2, 2019, www.ifsindia.com/media/2022/annual-report-fy-2018.pdf;
Infrastructure Leasing & Financial Services Limited, Annual Report 2016-17, accessed January 2, 2019, www.ifsindia.com/media/1872/lifs-ar-2016-17.pdf.

EXHIBIT 8: IL&FS CREDIT RATING OF SELECT INSTRUMENTS

Date of Rating	Instrument	Amount (in ₹ Million)	Agency	Rating	Rating Status	Rating Grade
September 18, 2018	Long-Term Loans	93,600.8	IND-RA	D	Downgraded	Default
September 18, 2018	Short-Term Loans	12,250.0	IND-RA	D	Downgraded	Default
9 September 9, 2018	Long-Term Loans	4,000.0	CARE	BB	Downgraded	Inadequate Safety
September 9, 2018	Non-Fund-Based Financial Facility or Instrument	2,000.0	CARE	A 4	Downgraded	High Risk
September 9, 2018	Commercial Paper	25,000.0	CARE	A 4	Downgraded	High Risk
September 8, 2018	Non-Convertible Unsecured Debentures, Bonds, Notes, or Bills	52,250.0	ICRA	BB	Downgraded	Inadequate Safety
September 8, 2018	Commercial Paper	25,000.0	ICRA	A 4	Downgraded	High Risk
August 24, 2018	Debt	1,000.0	IND-RA	AA+(ind)	Downgraded	High Safety
August 24, 2018	Short-Term Loan	12,250.0	IND-RA	A1+(ind)	Rating Watch	Highest Safety
August 16, 2018	Non-Convertible Unsecured Debentures, Bonds, Notes, or Bills	7,500.0	ICRA	AA+	Initial Rating	High Safety
August 16, 2018	Non-Fund-Based Financial Facility or Instrument	2,000.0	CARE	AA+/A1+	Downgraded	High Safety
August 16, 2018	Non-Convertible Unsecured Debentures, Bonds, Notes, or Bills	96,419.4	CARE	AA+	Downgraded	High Safety
August 16, 2018	Long-Term Loans	4,000.0	CARE	AA+	Downgraded	High Safety
August 16, 2018	Debt	68.5	CARE	AA+	Downgraded	High Safety
August 16, 2018	Preference Shares	15,000.0	CARE	AA	Downgraded	High Safety
August 16, 2018	Commercial Paper	25,000.0	CARE	A 1+	Reaffirmed	Highest Safety
August 6, 2018	Long-Term Loans	3,500.0	ICRA	AA+	Rating Watch	High Safety
August 6, 2018	Commercial Paper	25,000.0	ICRA	A 1+	Rating Watch	Highest Safety

Note: (ind) = Notation used by the rating agency.

Source: Infrastructure Leasing & Financial Services Limited, *Annual Report 2018*, accessed January 2, 2019, www.ilsindia.com/media/2022/annual-report-fy-2018.pdf;
Infrastructure Leasing & Financial Services Limited, *Annual Report 2016-17*, accessed January 2, 2019, www.ilsindia.com/media/1872/ils-ar-2016-17.pdf.

EXHIBIT 9: IL&FS BOARD AND COMMITTEE COMPOSITION

Board Composition and Remuneration (number of times an executive's salary is in relation to the median salary of the company)

Director Name	Designation	Ratio of Director Remuneration to Median Employee Remuneration (₹1.87 Million)
Ravi Parthasarathy	Chairman	140.97
Hari Sankaran	Vice Chairman and MD	41.41
Arun K. Saha	Joint Managing Director and CEO	37.35
Hemant Bhargava	LIC Nominee	
Supratim Bandyopadhyay	LIC Nominee	
Praveen Kumar Molri	LIC Nominee	
Kiyoshi Fushitani	Orix Nominee	
Hiroshi Nishio	Orix Nominee	
Harukazu Yamaguchi	Orix Nominee	
Harish Engineer	Independent Director	1.68
Sanjeev Doshi	ADIA nominee	
B. K. Singal	Central Bank of India Nominee	
C. Venkat Nageswar	SBI nominee	
R. C. Bhargava	Independent Director	2.64
SB Mathur	Independent Director	1.68
Michael Pinto	Independent Director	2.16
Jaithirth Rao	Independent Director	1.68
Rina Kamath	Independent Director	1.68

Note: MD = managing director; CEO = chief executive officer; LIC = life insurance corporation; ADIA = Abu Dhabi Investment Authority; SBI = State Bank of India.

Board Committee Compositions

Audit Committee	Member	Number of Meetings Attended		
		2016	2017	2018
	R. C. Bhargava	5	6	5
	Harish Engineer	4	6	1
	Michael Pinto	5	6	5
	S. B. Mathur	NA	NA	1
	Arun K. Saha	NA	NA	1
Risk Management Committee				
	Hemant Bhargava	NA	NA	0
	R. C. Bhargava	1	0	0
	Michael Pinto	1	0	0
	Arun K. Saha	0	0	1
	S. Bandopadhyay	NA	0	1

Note: NA = not applicable.

Source: Infrastructure Leasing & Financial Services Limited, *Annual Report 2018*, accessed January 2, 2019, www.ilfsindia.com/media/2022/annual-report-fy-2018.pdf; Infrastructure Leasing & Financial Services Limited, *Annual Report 2016-17*, accessed January 2, 2019, www.ilfsindia.com/media/1872/ilfs-ar-2016-17.pdf; Infrastructure Leasing & Financial Services Limited, *Annual Report 2016*, accessed January 2, 2019, www.ilfsindia.com/media/1552/7-a.pdf.

EXHIBIT 10: IL&FS DIRECTOR BIOGRAPHIES

Hemant Bhargava, Non-executive chairman effective July 21, 2018, had a master's degree in Economics and 37 years of experience in the insurance industry. He was the managing director of the Life Insurance Corporation of India and had worked across various departments in diverse roles, both in India and abroad, building multi-dimensional experiences in different capacities. He was instrumental in setting up a vertical for financial inclusion, for instance by launching the Life Insurance Corporation card.

Arun K. Saha, Joint managing director and chief executive officer, had a master's degree in Commerce and was an Associate Member of the Institute of Chartered Accountants of India and of the Institute of Company Secretaries of India. Saha joined IL&FS in 1988, was appointed its executive director in February 1995, and was subsequently promoted to deputy managing director in May 2006, joint managing director in May 2007, and joint managing director and chief executive officer in January 2011.

S B. Mathur had a Bachelor's Degree in Commerce and had been on IL&FS's board since January 2005 as an independent director. He was a Fellow Member of the Institute of Chartered Accountants of India and was formerly chairman of the Life Insurance Corporation of India and Administrator of the Specified Undertakings of Unit Trust of India.

Ravindra C. Bhargava was an independent director on IL&FS's board since August 1990 and was also chairman of Maruti Suzuki India Limited. A former civil servant, he served in various capacities in the Government of India, including as Joint Secretary, Ministry of Energy and Cabinet Secretariat.

Michael Pinto was an independent director on IL&FS's board since July 2004. He was also an officer in the Indian Administrative Services and served various federal government departments, including as chairman of Maharashtra State Electricity Board, Jawahar Lal Nehru Port Trust, and Central Cottage Industries Corporation. Pinto also served as chief executive officer of Maharashtra Industrial Development Corporation and as vice chairman and managing director of Maharashtra State Road Transport Corporation. He previously retired as Secretary (Shipping) to the Government of India.

Harish Engineer was a science graduate with a diploma in Business Management and had over 40 years of experience in finance and banking. Harish was a founding member of HDFC Bank and retired in 2013 as executive director of its board. Prior to joining HDFC, he worked at Bank of America for 26 years.

Source: Infrastructure Leasing & Financial Services Limited, *Annual Report 2018*, accessed January 2, 2019, www.ilfsindia.com/media/2022/annual-report-fy-2018.pdf; Infrastructure Leasing & Financial Services Limited, *Annual Report 2016-17*, accessed January 2, 2019, www.ilfsindia.com/media/1872/ilfs-ar-2016-17.pdf; Infrastructure Leasing & Financial Services Limited, *Annual Report 2016*, accessed January 2, 2019, www.ilfsindia.com/media/15527-a.pdf.

EXHIBIT 11: IL&FS FINANCIAL SERVICES LTD. INCOME STATEMENT (IN ₹ MILLION)

	2016	2017	2018
Total Income	19,210.0	23,460.0	22,940.0
PAT	1,927.8	2,087.8	996.6
Net Worth	20,570.0	21,570.0	21,500.0
Total Managed Portfolio	125,230.0	124,150.0	153,980.0
Total Managed Assets	179,560.0	195,630.0	218,890.0
Return on Managed Assets (PAT/AMA; Per Cent)	1.1	1.1	0.5
Return on Average Net Worth (PAT/ANW; Per Cent)	9.4	9.9	4.6
Leverage (Times)	7.2	7.6	8.4
Gross NPA (Per Cent)	2.8	3.3	5.3
Net NPA (Per Cent)	2.2	2.4	3.5
Net NPA/Net Worth (Per Cent)	13.4	13.5	24.5

Note: PAT = profit after tax; AMA = average managed assets; ANW = average net worth; NPA = non-performing assets.

Source: ICRA Rating report, 2018, accessed January 3, 2019.

EXHIBIT 12: IL&FS INVESTMENT MANAGERS LTD. INCOME STATEMENT (IN ₹ MILLION)

Year	2014	2015	2016	2017	2018
INCOME					
Operating Income	1,151.2	1,079.2	1,067.5	682.8	542.1
Other Income	60.0	75.4	3.4	6.0	4.4
Total Income	1,211.2	1,154.6	1,070.9	688.8	546.5
EXPENDITURE					
Operating and Administration Expenses	127.3	115.7	132.8	143.2	123.3
Miscellaneous Expenses	27.8	31.7	53.7	37.3	133.6
Interest	0	0	0	0	0
Employee Expense	288.1	239.6	230.7	220.9	188.8
Total Expenditure	443.2	387.0	417.2	401.4	445.7
Gross Profit	768.1	767.7	653.9	287.4	100.9
Depreciation	04.5	6.0	5.0	6.2	5.5
Profit Before Tax	763.6	761.7	648.9	281.2	95.4
Tax	222.7	203.0	156.9	62.5	52.3
Deferred Tax	3.2	0.02	0.06	-20.9	3.3
Reported Net Profit	537.6	558.9	491.3	239.7	39.7

Source: IL&FS Investment Managers Ltd., Capitaline Database, accessed January 2, 2019.

EXHIBIT 13: IL&FS TRANSPORTATION NETWORKS FINANCIALS (IN ₹ MILLION)

	2015-16	2016-17	2017-18
Revenue	83,560	84,020	97,790
EBITDA	28,430	35,770	43,240
Operating Margin (Per Cent)	34.00	42.60	44.22
Profit After Tax	870	1,460	650
Net Fixed Assets	270,070	306,600	330,700
Net Worth	43,020	41,850	43,610
Investments	48,950	53,040	53,770
Net Debt	258,630	299,610	328,110

Note: EBITDA = earnings before interest, taxes, depreciation, and amortization.

Sources: IL&FS Transportation Networks, *Annual Report 2015-16*, accessed January 2, 2019; IL&FS Transportation Networks, *Annual Report 2016-17*, accessed January 2, 2019; IL&FS Transportation Networks, *Annual Report 2017-18*, accessed January 2, 2019.

EXHIBIT 14: INDIA INFRASTRUCTURE FINANCE COMPANY INCOME STATEMENT (IN ₹ MILLION)

	2017	2018
Total Revenue	39,030	38,360
Total Expenditure	34,890	37,960
Profit Before Tax	4,140	400
Provision for Taxation	3,460	1,270
Profit After Tax	680	-1,156
Earnings per Share (in ₹)	0.17	-2.83

Source: India Infrastructure Finance Company, CMIE Prowess Database, accessed January 2, 2019.

ENDNOTES

- ¹ This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Infrastructure Leasing & Financial Services Ltd. or any of its employees.
- ² ₹ = INR = Indian rupee; US\$1 = ₹73.2 on October 1, 2018; all currency amounts are in ₹ unless otherwise specified.
- ³ The Reserve Bank of India is India's central bank.
- ⁴ The ICRA was formerly named the Investment Information and Credit Rating Agency of India Limited.
- ⁵ "IL&FS Reports Rs 22,527 Crore Net Loss in FY19," *Business Today*, November 4, 2018, accessed December 3, 2019, www.businesstoday.in/top-story/ilfs-reports-rs-22527-crore-net-loss-in-fy19/story/391531.html.
- ⁶ The National Company Law Tribunal is a quasi-judicial body in India that adjudicates issues relating to Indian companies; "About Us," National Company Law Tribunal, accessed December 3, 2019, <https://nclt.gov.in/content/national-company-law-tribunal>.
- ⁷ Dewan Housing Finance Corporation Ltd. was another prominent non-banking finance company, although not part of the IL&FS group.
- ⁸ "Biggest Shareholder LIC Tightens Grip on IL&FS," *The Economic Times*, July 24, 2018, accessed December 3, 2019, <https://economictimes.indiatimes.com/markets/stocks/news/biggest-shareholder-lic-tightens-grip-on-ilfs/articleshow/65112044.cms>.
- ⁹ "Infrastructure," Infrastructure Leasing & Financial Services Ltd., accessed January 3, 2019, accessed December 3, 2019, www.ilfsindia.com/our-work.
- ¹⁰ Hemant Bhargava was a former chairman of the Securities Exchange Board of India, a capital market regulator; "IL&FS Scam: Ravi Parthasarathy: The New Robber Baron," *Gfiles*, October 2018, accessed January 4, 2019, www.gfilesindia.com/ilfs-scam-ravi-parthasarathy-the-new-robber-baron.
- ¹¹ "Digging Deeper: Everything You Need to Know about the IL&FS Crisis," *Money Control*, accessed December 15, 2018, www.moneycontrol.com/news/business/podcast-digging-deeper-everything-you-need-to-know-about-the-ilfs-crisis-2985971.html.
- ¹² Real estate consisted of commercial buildings, such as technology and industrial parks and offices.
- ¹³ EPC was a form of contracting arrangement used in some industries, where the EPC contractor was made responsible for all of a project's activities, including its design, procurement, construction, commissioning, and handover to the end-user or owner.
- ¹⁴ Ira Dugal, "The Rise and Stumble of IL&FS," *Bloomberg*, accessed January 4, 2019, www.bloombergquint.com/business/the-rise-and-stumble-of-ilfs.
- ¹⁵ Anand Adhikari, "The Big Story: IL&FS: The Spreading Fire," *Business Today*, November 4, 2018, accessed December 3, 2019, www.businesstoday.in/magazine/cover-story/the-spreading-fire/story/285130.html.
- ¹⁶ IL&FS Transportation Networks Limited, *Analyst Presentation—August 2018*, accessed January 3, 2019, www.itnlindia.com/application/web_directory/Corporate%20Presentations/2018/Analyst%20Presentation%20August%202018.pdf.
- ¹⁷ "Transportation," Infrastructure Leasing & Financial Services Ltd., accessed January 3, 2019, www.ilfsindia.com/our-work/transportation.
- ¹⁸ "7 Key Infrastructure Projects of IL&FS," accessed January 3, 2019, www.businesstoday.in/photos/panorama/7-key-infrastructure-projects-of-infrastructure-leasing-and-financial-services/1507.html#photo3.
- ¹⁹ The Baleshwar Kharagpur expressway is a four-lane project situated on National Highway 60. The National Highway Authority of India mandated that ITNL should develop the existing 119 kilometres of National Highway 60 from Baleshwar to Kharagpur. The length of the expressway is 119.30 kilometres. It has 4 major bridges, 48 minor bridges, and 2 toll plazas.
- ²⁰ The sports hub in Trivandrum is India's first international-standard cricket-cum-football stadium. It was developed using a public-private partnership model. It was built on 37 acres of land with a total capacity of 50,000 spectators. It received the prestigious David Vickers Award for "New Venue of the Year" in *Stadium Business Awards 2016*.
- ²¹ Infrastructure Leasing & Financial Services Limited, *Annual Report 2018*, accessed January 2, 2019, www.ilfsindia.com/media/2022/annual-report-fy-2018.pdf.
- ²² Ibid.
- ²³ "Maytas Infra Named after New Promoter IL&FS," *The Economic Times*, accessed January 4, 2019, <https://economictimes.indiatimes.com/news/economy/infrastructure/maytas-infra-named-after-new-promoter-ilfs/articleshow/7253503.cms>.
- ²⁴ IL&FS Engineering & Construction, *Annual Report 2017-18*, accessed December 3, 2019, www.ilfsengg.com/Document/AnnualReport2017-18.pdf.
- ²⁵ CMIE Prowess database, accessed April 20, 2020.
- ²⁶ Ministry of Finance, "Summary of Budget 2018–19," *Press Information Bureau*, accessed January 5, 2019, <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1518569>.
- ²⁷ "Reports: Infrastructure Sector of India, April, 2018," *Indian Brand Equity Foundation (IBEF)*, accessed January 5, 2019, www.ibef.org/archives/detail/b3ZlcnZpZXcmMzc5MzMmMTA5.
- ²⁸ "Reports: Indian Infrastructure—Industry Analysis, Feb 2018," *Indian Brand Equity Foundation (IBEF)*, accessed January 4, 2019, www.ibef.org/archives/detail/cHJlc2VudGF0aW9ucyZnZzc5MSYxMDk=.
- ²⁹ IF&FS Engineering & Construction, op. cit.
- ³⁰ "Summary of Budget 2018–19," op. cit.
- ³¹ Ibid.
- ³² Ibid.
- ³³ Ibid.

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