IL&FS | Transportation

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February 19, 2025

Vice President, Listing Department
National Stock Exchange of India Ltd.
"Exchange Plaza" Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Code No: IL&FSTRANS EQ

Sub: Response to non-compliance of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by IL&FS Transportation Networks Limited (the "Company")

Ref: Your email dated February 18, 2025 – Non-submission of Financial Results as per Regulation 33 of the SEBI (LODR) Regulations, 2015 for the period ended December 31, 2024

Dear Sir/Madam,

We refer to your captioned email inviting our attention to alleged delay in compliance with the requirements under Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**LODR Regulations**") requiring *inter alia* to submit the financial results on a quarterly/half yearly/ yearly basis, in the format as specified by the Securities and Exchange Board of India ("SEBI") and within the time-periods stipulated in the **LODR Regulations**.

At the outset, we request you to refer to our previous submissions in response to your emails / letters sent to the Company providing justifications/constraints with respect to non-compliance of SEBI LODR Regulations stated above. In this regard, we reiterate our submissions and request you to cease further actions in relation to the notices.

With respect to the foregoing, we hereby submit as follows:

1. As you would be aware and as previously informed by various communications, pursuant to the application filed by the Union of India (the "**UOI**") under Sections 241 and 242 of the Companies Act, 2013 (as amended) and rules thereunder (the "**Companies Act**"), the National Company Law Tribunal, Mumbai bench (the "**NCLT**"), by way of an order dated October 1, 2018, suspended the erstwhile board of directors of Infrastructure Leasing and Financial Services Limited ("**IL&FS**") and re-constituted the same with persons proposed by the UOI, with additional directors being appointed subsequently pursuant to orders dated October 3, 2018 and December 21, 2018, of the NCLT (such reconstituted board, referred to as the "**New Board**"). The Company is a subsidiary of IL&FS.

2. In compliance with the NCLT's order of October 1, 2018, a Report on Progress and Way Forward (the "**First Progress Report**") was submitted by IL&FS to the UOI, acting through the Ministry of Corporate Affairs (the "**MCA**"), on October 30, 2018, and was subsequently filed by the UOI with the NCLT on October 31, 2018. The First Progress Report *inter alia* set out the magnitude and complexity of the problem faced and the approach to be followed by the New Board towards achieving the final resolution, including listing out indicative next steps. The Second Report on Progress and Way Forward (the "**Second Progress Report**"), *inter alia* setting out the assessment and evaluation of options being considered towards achieving final resolution, certain cost optimization measures being undertaken and an assessment of liquidity measures and going concern status, was submitted to the UOI on December 2, 2018, and was subsequently filed by the UOI with the NCLT on December 3, 2018. The First Progress Report and the Second Progress Report are available in the public domain.

3. Additionally, the National Company Law Appellate Tribunal, New Delhi (the "**NCLAT**") passed an order on October 15, 2018 in respect of certain actions that cannot be taken against IL&FS and its group companies (including the Company), including, amongst others, institution or continuation of suits or any other proceedings by any party or person or bank or company, etc. against 'IL&FS' and its group companies in any court of law or tribunal and any action by any party or person or bank or company, etc. to foreclose, recover or enforce any security interest created on the assets of 'IL&FS' and its group companies (the "**NCLAT Order**"). This was done taking into consideration the nature of the case, larger public interest and economy of the nation, and interest of IL&FS and its group companies. The aforesaid NCLAT Order with respect to the moratorium was confirmed and continued pursuant to the order, dated March 12, 2020, of the NCLAT. A copy of the Order is attached for your ready reference.

4. Please also note that the NCLT passed an order, dated January 1, 2019, pursuant to an application filed by the UOI under Section 130 of the Companies Act, permitting re- opening and recasting of the financial accounts of (a) IL&FS; (b) IL&FS Financial Services Limited and (c) the Company, from financial year 2013 to financial year 2018.

5. Subsequently, IL&FS has submitted to the UOI: (a) the Third Progress Report on the *'Proposed Resolution Framework/or IL&FS Group'* dated December 17, 2018 (the "**Initial Resolution Framework**"); (b) the Addendum, dated January 15, 2019, to the Initial Resolution Framework (the "**First Addendum**"); and (c) the Second Addendum, dated December 5, 2019, to the Initial Resolution Framework (the "**Second Addendum**", and together with the Initial Resolution Framework and the First Addendum, the "**Resolution Framework**"), which *inter alia* set out the process to be followed for the resolution of IL&FS group entities. The Initial Resolution Framework and the First Addendum were filed by the MCA with the NCLAT *vide* affidavit on January 25, 2019, and the Second Addendum was filed by the MCA with the NCLAT *vide* affidavit on January 9, 2020. The key principles underlying the Resolution Framework were also re- iterated *vide* an affidavit filed by the MCA with the NCLAT on February 7, 2020. Subsequently, the NCLAT has, *vide* its order dated March 12, 2020, approved in entirety the resolution procedure for the IL&FS group, as set out by the MCA in its affidavits.

6. A report titled *"Fourth Report on Progress and Way Forward'*, dated January 15, 2019, was submitted to the UOI by the New Board, which *inter alia* provides the key steps that have been taken since the Second Progress Report until January 12, 2019.

7. Since the reconstitution of the Board of Directors of IL&FS, multiple changes have been implemented and steps undertaken, considering the objective of seeking a resolution to prevent any further adverse impact on financial stability. This includes changes in management, steps to control cash flows, and engaging with advisors in relation to developing plans for resolution. Thus, the Company and its management have been primarily engaged in these efforts toward implementing the objective of the New Board. Further, please note that IL&FS had in December 2019 and June 2020 filed certain applications with the NCLT seeking exemption/extension of time for preparation of the consolidated financial statements of certain IL&FS Group companies. In response to the said applications, the MCA had filed an affidavit with the NCLT on December 4, 2020. MCA has stated in its affidavit dated December 04, 2020 that it had no objections to the grant of extension of time to these companies to present its consolidated financial statements to its members, subject to the following conditions:

"a) The financial statements (standalone and / or Consolidated) being proposed to be presented before the shareholders in the AGM / EGM, shall not be uploaded or published and further subject to any modifications or qualifications in the recasted financial statements of FY 2013- 14 to FY 2017-18 for IL&FS, ITNL and IFIN, whenever the same are finalized. It shall further be subject to approval of the recasted financial statements by NCLT in terms of the provisions of Section 130 of the Companies Act, 2013 and the order dated 01/01/2019 passed by this Hon'ble Tribunal.

b) The financial statements (standalone and consolidated) being proposed to be presented before the shareholders at the AGM / EGM shall, not be published or uploaded unless Consolidated Financial Statements of the Applicant is ready for publication and the same is reflecting the recasted accounts with auditors report and Directors report including qualifications in the recasted financial statements of FY 2013-14 to FY 2017-18 for IL&FS, ITNL and IFIN whenever the same are finalized."

8. Subsequently, on December 31, 2020, the IL&FS had filed another application with the NCLT *inter alia* seeking directions of the NCLT to prepare, finalize and audit the financial statements of the IL&FS, ITNL and IFIN for FY 2019-20 required under Section 129 of the Act and hold their respective AGMs to present such audited financial statements after the financial statements for FY 2019-20 are prepared and audited based upon their reopened and recast financial statements for the F.Y. 2013-14 to F.Y. 2017-18.

9. The exercise of re-opening the books of accounts of the Company, re-casting the financial statements of the Company and thereafter auditing the re-opened and re-casted books of accounts and re-casted financial statements was concluded by M/s. M. M. Chitale & Co. Such accounts were taken note of in the meeting of the Audit Committee and Board of Directors of the Company on March 9, 2023.

10. The financial statements of the Company for the financial year 2018-2019 and 2019-2020 were prepared and the same were audited by the independent auditors namely SRBC & Co. LLP having ICAI Firm Registration No. 324982E/E300003. The said financial statements included disclaimer by the said independent auditors as not including any possible adjustments arising from the re-opening and recasting of the financial statements of the Company pursuant to the January 1 Order. The financial statements of the Company for financial year 2018-2019 and 2019-2020 (along with the aforementioned disclaimers of opinion by the independent auditors) were approved by the Board of Directors of the Company on June 4, 2020 and December 7, 2020 respectively.

The report of the Board of Directors for the Company also mentioned that the Company will be required to make the required adjustments to the financial statements for the financial year 2018-2019 and 2019-2020 once the reopening and recasting process is completed.

The financial statements for financial year 2018-2019 together with the report of the independent auditors and the report of the Board of Directors were adopted at the Annual General Meeting of the Company held on June 30, 2020 and has been filed with the ROC Mumbai on July 30, 2020.

The AGM for the financial year 2019-2020 was held on December 31, 2020 and the financial statements for financial year 2019-2020 together with the report of the independent auditors and the report of the Board were not adopted by the shareholders due to the ongoing re-opening and recasting exercise. The decision to defer the agenda for adopting the financial statements for the financial year 2019-2020 was taken in view of:

(i) the affidavit dated December 4, 2020 filed by the UOI stating it's no objection to the grant of extension of time to IL&FS to present its consolidated financial statements to its members and

(ii) the legal advice received by the Company to defer the agenda and to consider the same as and when the Company is able to provide its standalone and consolidated financials taking into consideration the re-casted financial statements for FY 2013-14 to 2017-18 in the financials of the FY 2018-19 and 2019-20.

In view of the above and as the reopening and recasting exercise is completed, the Board of Directors of the Company vide its resolution dated December 22, 2023, decided to voluntarily revise the financial statements of the Company for financial years 2018-2019 and 2019-2020 pursuant to Section 131 of the Companies Act, 2013. A petition has been filed by the Company before the NCLT, Mumbai on January 9, 2024 seeking approval/orders in this regard which is awaited.

11. Further, the Hon'ble NCLT vide its order pronounced on June 28, 2024 and August 9, 2024, copies of which were received by the Company on July 15, 2024 and August 19, 2024 respectively, has taken on record the re-opened and re-casted standalone financial statements of the Company for the five financial years ending (i) March 31, 2014, (ii) March 31, 2015, (iii) March 31, 2016, (iv) March 31, 2017 and (v) March 31, 2018. The receipt of the said NCLT orders were communicated to the Stock Exchanges on July 15, 2024 and August 19, 2024 respectively.

12. In addition to the above, we wish to bring to your notice that as it would be practically impossible to obtain audited financial information of the subsidiaries and entities that have been sold and monetised, the Company will not be in a position to prepare Consolidated Financial Statements. Moreover, the Consolidated Financial Statements will lose it purpose and significance and will not have any meaningful information for the stakeholders or the other users of the financial statements as they would pertain to a period that is more than three to four years earlier to the current financial year. Considering the above, IL&FS, the holding company of the group has requested the Ministry of Corporate Affairs to provide waiver / exemption from preparation of Consolidated Financial Statements for all of the IL&FS entities from the Financial Year 2018-19 onwards including the Company and for all the successive years until the resolution is completed in all respects for these entities.

13. In light of the foregoing circumstances, the Company will be in a position to consider the Audited Financial Statements and Reports thereon for the financial year ended March 31, 2019 and onwards taking into consideration the recasted financials for FY 2013-14 to 2017-18 in the financials of 2018-19 and for subsequent years.

14. On account of the aforementioned circumstances, we hereby inform that the finalization of financial results has been delayed, and hence, the Company is not / would not be in a position to submit the financial results for the previous quarters ended / half year ended September 30, 2018 and subsequent years within the time specified in Regulation 33 of the LODR Regulations.

15. We also draw your attention to Clause 7 of the SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 03, 2018 and Clause 6 of the SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 (collectively, the "**SOP Circulars**"), which set out that-

   "the recognized stock exchanges may keep in abeyance the action ***or withdraw the action in specific cases where*** *specific exemption from compliance with the requirements under the Listing Regulations/* ***moratorium on enforcement proceedings has been provided for under any Act, Court/Tribunal orders etc."***

16. **Please note that the moratorium order issued by NCLAT on October 15, 2018 is still in force.**

17. Further in relation to the penalty levied on the Company under the notices, reliance is placed on the order passed by the Hon'ble Securities Appellate Tribunal ("**SAT**") in ***GRD Securities Limited v. National Stock Exchange of India Limited and SEBI*** where SAT held that stock exchanges must not mechanically follow SEBI's circulars while levying penalties and that the facts and circumstances of the matter must be considered and the principles of proportionality must be considered before passing any penal consequences.

18. In light of the aforesaid, including the NCLAT Order, the March 12 Order and the special circumstances of this case, as well as the aforesaid SOP Circulars, and given that there is a stay imposed by NCLAT which exists in favour of IL&FS and its group companies in relation to actions (as mentioned above) that cannot be taken against IL&FS and its group companies (including the Company), we request you not to initiate any adverse action against the Company for the aforementioned delays in filing of the financial results under Regulation 33 of the LODR Regulations.

19. We request you to please take note of our aforesaid submissions in relation to the delays in filing of the financial results under Regulation 33 of the LODR Regulations and not initiate any action contemplated in your aforementioned communication including freezing of the promoter holdings.

Yours Sincerely
For IL&FS Transportation Networks Limited

KRISHNA DHONDU GHAG Digitally signed by KRISHNA DHONDU GHAG Date: 2025.02.19 11:39:06 +05'30'

Krishna Ghag
Vice President & Company Secretary
FCS-4489