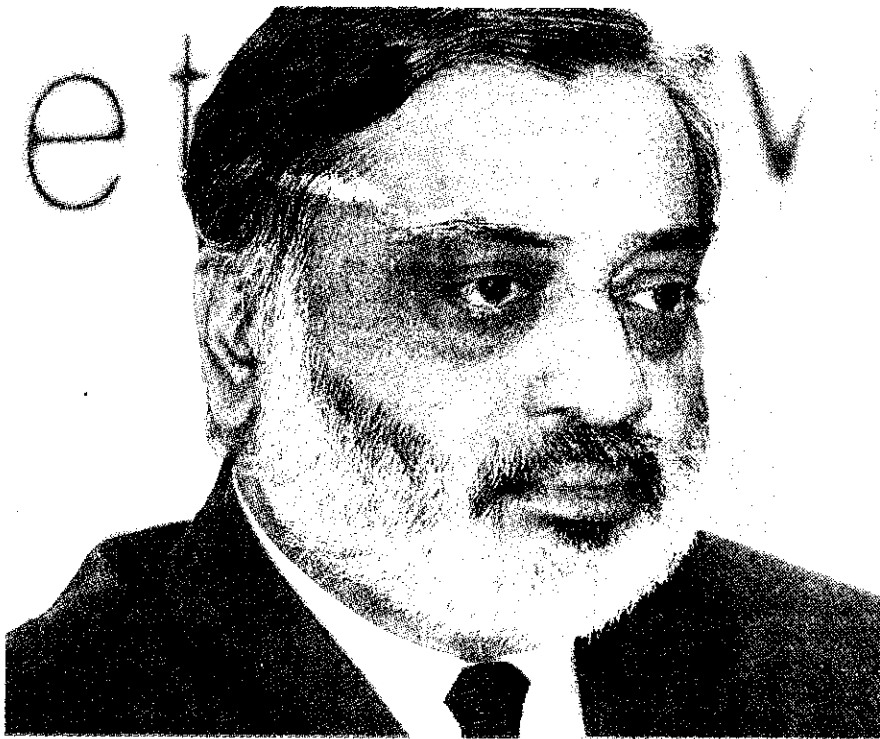


**NEWSMAKER** RAVI PARTHASARATHY, CHAIRMAN, IL&FS

# The artful deal-maker

*Acquiring Maytas Infrastructure could be Ravi Parthasarathy's chance to show his organisation's ability to think big*



**A BIG DEAL:** Ravi Parthasarathy managed to persuade the government to hand over Maytas Infrastructure, despite some reported initial unwillingness

BS PHOTO

SHOBHANA SUBRAMANIAN  
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That Infrastructure Leasing and Financial Services Ltd (IL&FS) was keen to gain control of Maytas Infrastructure has been known for some time. After all, the infrastructure financing company's exposure to this listed company promoted by Satyam's Ramalinga Raju is Rs 200 crore. And given that IL&FS's profit after tax for the year to March 2009 was only Rs 315 crore, down from Rs 480 crore the year before, the 37 per cent Maytas stake that it now holds is pretty worthless.

That Ravi Parthasarathy managed to persuade the government to hand over the company, despite some reported initial unwillingness, speaks volumes for his negotiating skills. But then, the

57 year-old chairman of IL&FS is known for his ability to swing deals. That was amply demonstrated in March 2008, when IL&FS let go of its broking subsidiary for some \$260 million. At Rs 275 a share, the deal was closed at what was probably the peak of the market.

Deal-making is only one of Parthasarathy's skills. An alumnus of IIM Ahmedabad, former Citibanker and co-founder of one of India's best-known finance firm 20<sup>th</sup> Century Finance, he has also taught his team to earn handsome returns when it comes to implementing projects. In one road development project in Tamil Nadu, for instance, the state government and an investment agency contributed Rs 44 crore and earned just Rs 2 lakh in seven years. IL&FS managed to structure the deal so astute-

ly that it contributed Rs 69.6 crore and earned Rs 91.3 crore in the same time. For the Noida toll bridge, IL&FS set the basis for calculating returns at 20 per cent a year on the project cost, rather than on the equity. That left the infrastructure financier with far higher returns than it might have earned otherwise.

Despite a fair measure of success in road development across the country, however, IL&FS hasn't risen to greater heights, posting an income from operations of just Rs 660 crore last year lower than the Rs 772 crore reported in 2007-08.

Set up in 1986, it actually got into the act somewhere in 1993. Parthasarathy, who has steered the organisation from its early days, must have been disappointed that the government felt the need to set up another financial intermediary for infrastructure investment in IDFC, which started out sometime in August 1997.

It shouldn't have been too difficult for IL&FS to have taken on the additional mandate and scaled up operations. At one time IL&FS did reportedly toy with the idea of an IPO but hasn't got round to doing it yet, for unspecified reasons. IDFC, on the other hand, managed to list itself in August, 2005. ILFS' bigger shareholders — Life Insurance Corporation (26 per cent) and Orix Corporation of Japan (23 per cent) — seem to have no complaints, however. For Parthasarathy, it's not just a case of recovering the money. The company, which suffered collateral damage from Raju's confession to fraud in Satyam, could just be Parthasarathy's opportunity

to answer criticism that IL&FS hasn't lived up to its potential.

Maytas, which has some projects, could be IL&FS's ticket into the bigger league. For Parthasarathy, a voracious reader, who doesn't miss a

**Parthasarathy has taught his team to earn handsome returns when it comes to implementing projects**

single edition of the *Financial Times* and a fitness fanatic, it's a question of making something of the company with the team he has built. A beautiful office in the eastern suburb of Mumbai would be a good setting for him to prove his critics wrong.