

REF: SB/2018-19/04

INDEPENDENT AUDITOR'S CERTIFICATE

To,
Board of Directors,
IL&FS Financial Services Limited

1. This Report is issued in accordance with the terms of our engagement letter dated September 14, 2017 with **IL&FS Financial Services Limited** (the "Company").
2. The accompanying "Statement of Asset Coverage as at March 31, 2018", initialed by us for identification purposes only, contains the details as required pursuant to compliance with the terms and conditions contained in Eighteenth Contributory Legal Mortgage, Debenture Trust Deeds, Certification of Registration of charge and Amended and Restated Security Trustee Agreement as elaborated below.

Management's Responsibility for the Statement

3. The preparation of the Statement is the responsibility of the Management of the Company, including preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. This includes collecting, collating and validating data and accurate computation of asset coverage ratio.
4. The Management is also responsible for ensuring that the Company complies with the requirements of the:
 - i. Eighteenth Contributory Legal Mortgage dated January 31, 2018 and the Indenture of Mortgage dated January 09, 2009 entered into between the Company and Central Bank of India (acting as agent);
 - ii. Debenture Trust Deeds entered into between the Company and Centbank Financial Services Limited (acting as debenture trustee) for the following series:
 - a) dated November 08, 2012 for series 2012 IV;
 - b) dated August 23, 2013 for series 2013 I and II;
 - c) dated December 27, 2013 for series 2013 VI, 2014 I, 2014 II, 2014 III, 2015 I, 2016 II;
 - d) dated March 21, 2016 for series 2016 IV, 2016 V, 2016 VI, 2017 I, 2017 II, 2017 III, 2017 IV, 2017 V, 2017 VI, 2017 VII, 2017 VIII, 2017 IX, 2017 X, 2017 XI, 2017 XII, 2017 XIV, 2017 XV and;



e) dated September 30, 2016 for series 2017 XVII, 2018 I, 2018 II, 2018 III, 2018 IV, 2018 V, 2018 VI, 2018 IX.

- iii. the Amended and Restated Security Trustee Agreement dated January 2, 2009 entered into between the Company, Lenders and Central Bank of India (acting as Security Trustee);

(together referred to as the "Documents") wherein it was agreed that the Company shall and maintain at all times and from time to time an asset coverage as defined in the aforesaid Documents of at least 1.33 times the total outstanding Secured Borrowings including accrued interest thereon of the Company, excluding the "excluded assets" referred to in the aforesaid Documents and the management notes in the attached Statement and provide all relevant information to the Senior Lenders and the Debenture Trustee (together referred to as "Authorities").

Auditor's Responsibility

5. Pursuant to the requirements of the Documents, it is our responsibility to provide a reasonable assurance as to whether:
- the amounts in the Statement that form a part of the computation of the Asset Coverage Ratio (the "Ratio") have been accurately extracted from the unaudited books of accounts and other related records of the Company for the year ended March 31, 2018 and the computation of the Ratio is arithmetically correct.
 - the computation of the Ratio is in accordance with the method of computation set out in the Documents.
6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India (hereinafter the "Guidance Note").
7. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality for Firms that performs Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion


8. Based on our examination as above, and the information and explanations given to us, in our opinion, the amounts in the Statement have been accurately extracted from the unaudited books of accounts for the year ended March 31, 2018 and the asset coverage ratio as at March 31, 2018 is in accordance with the method of computation set out in the Documents. The ratio as determined in the attached Statement, read together with and subject to the notes thereon, is 1.62 times the total outstanding Secured Borrowings including accrued interest thereon of the Company.



Restriction on Use

9. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of the Documents and to submit the accompanying Statement to the Authorities, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(ICAI Regn. No. 117366W/W-10018)



Shrenik P. Baid
Partner
Membership No.103884

Date: April 30, 2018

IL&FS Financial Services Limited
Statement of Computation of Asset Coverage Ratio as at March 31, 2018
Rupees in Million

ASSETS	Amount	Amount
Tangible Assets		
- Assets Given on Lease	0.70	
- Premises	9.01	9.71
Non-current Investments		29,561.92
Loans and Advances (Long Term and Short Term)		1,44,115.19
Other Current and Non Current Assets		
Cash & Cash Equivalents	10,640.74	
Trade Receivables	1,908.55	
Other Non Current Assets	846.99	
Other Current Assets	5,662.34	19,058.62
		1,92,745.44
SECURED LOANS OUTSTANDING		
Loans from Banks-Current and Non Current		
Bank of India	14,000.00	
Jammu & Kashmir Bank Ltd	8,500.00	
Syndicate Bank	7,500.00	
Vijaya Bank	6,250.00	
UCO Bank	6,000.00	
Punjab & Sind Bank	5,575.00	
Indian Overseas Bank	5,000.00	
Bank of Baroda	4,166.80	
State Bank of India	3,000.00	
IDBI Bank	3,000.00	
Dena Bank	3,000.00	
Indian Bank	2,750.00	
Bank of Maharashtra	2,000.00	
Allahabad Bank	1,500.00	
Canara Bank	1,000.00	
United Bank of India	1,000.00	
AfrAsia Bank Ltd	1,000.00	
Oriental Bank of Commerce	1,000.00	
State Bank of Mauritius Ltd	997.50	
Andhra Bank	750.00	
Australia and New Zealand banking Group Ltd	750.00	
HDFC Bank Ltd	562.50	
Abu Dhabi Commercial Bank Ltd	300.00	
Firststrand Bank Ltd	280.00	
		79,881.80
Debentures		33,097.50
Demand Loan from Banks		4,477.61
Interest Accrued but not due on Secured Loans and Debentures		1,794.71
		1,19,251.62
Asset Coverage Ratio		1.62


IL&FS Financial Services Limited

The IL&FS Financial Centre, 3rd Floor, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, INDIA
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(CIN U65990MH1995PLC093241)

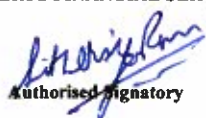
Notes: The security creation process is pending for Undrawn Short Term Loan facility from United Overseas Bank for Rs.750 mn

- Leased Assets, Investments, Loans and Advances are net of provision /write off made for non performing assets and standard restructured assets as per RBI guidelines and accelerated provisions / write off made on a case to case basis as determined by the Management.
- Company has created provision for General Contingency amounting to Rs. 5,500.00 mn with the objective to cover adverse events that may affect the quality of the Company's Assets, and has therefore not been deducted from the value of assets.
- Company has created contingent provision against standard assets aggregating Rs. 595.00 mn as per the Reserve Bank of India Circular DNBS.PD.CC.No.207/03.02.002 /2010-11 issued on January 17, 2011. Since it is a contingent provision, it has not been deducted from the value of assets.
- Collateralised Borrowing has not been taken as secured loans because it is secured against specific assets (Investments in Government Securities) which are excluded assets for the asset cover computation.
- Non Current Investments and Long Term Loans and Advances also include Current Maturities of Non Current Investments and Current Maturities of Long Term Loans & Advances.
- As per Contributory Legal Mortgage "Excluded Assets" that are not considered for the purpose of calculating the asset coverage ratio includes residential & commercial immovable properties owned / tenanted by the Company, including the moveable assets within the property, trading stock, gilt securities and equity investments where the Company has given non disposal undertaking, equity investments in affiliate / subsidiary companies. Additionally the Company has excluded the following assets since charge on the assets can not be created:
 - a) Capital Advances
 - b) Deferred tax,
 - c) Advance tax including TDS
 - d) Prepaid Expenses
 - e) Intangible Assets
 - f) Unamortised Borrowing Costs
 - g) Advance towards Investments
 - h) Margin Money

For IL&FS FINANCIAL SERVICES LIMITED

Place : Mumbai

Date : April 30, 2018






Authorised signatory



IL&FS Financial Services Limited

 The IL&FS Financial Centre, 3rd Floor, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, INDIA

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