

B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Private and confidential

The Board of Directors
IL&FS Financial Services Limited
IL&FS Financial Centre
Plot C, G Block, Bandra Kurla Complex
Bandra East
MUMBAI 400 051

28 May 2018

Dear Sirs

Auditor's Certificate on Statement of Ratios and other Information for the year ended 31 March 2018.

1. This Certificate is issued in accordance with our engagement letter dated 15 May 2018.
2. The accompanying statement of ratios and other information('the Statement') of IL&FS Financial Services Limited ('the Company') has been prepared and certified by management of the Company in connection with email communication dated 23 May 2018 received from the Debenture Trustee seeking specific information required under regulation 52(4) of Listing Obligation and Disclosure requirements(LODR).

Management's responsibility

3. The preparation of the Statement is the responsibility of the Company's management including the creation and maintenance of all accounting and other records supporting its contents. 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.

Auditors' responsibility

4. Our responsibility is to provide limited assurance on information provided in the statement by the Company, based on work done and representations received. For the purpose of this Certificate, we have planned and performed the following procedures to determine whether anything has come to our attention that causes us to believe that the preparation of the Statement, in all material respects, is not as per the requirement stated in email communication:

B S R & Associates (a partnership firm with
Registration No. BA69226) converted into
B S R & Associates LLP (a Limited Liability
Partnership with LLP Registration No. AAB-8182)
with effect from October 14, 2013

Registered Office
5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011

Auditors' responsibility (Continued)

a. the amounts in the Statement have been accurately extracted from the financial statement and other records of the Company for the year ended 31 March 2018; and

b. the computation is arithmetically correct

5. The financial statements referred to in paragraph in 4 above, have been audited by us on which we issued an unmodified audit opinion vide report dated May 28, 2018. Our audit of these financial statements were conducted in accordance the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the "Act") and the relevant provisions of the Act and Guidelines issued by Reserve Bank of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit was not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

6. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

7. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates issued for Special Purposes (Revised 2016)' 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.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

9. Based on the procedures performed mentioned in paragraph 4, the information, explanations and representations given to us, records and documents produced to us, nothing has come to our attention that causes us to believe that, in all material respects:

a. the amounts in the Statement have not been accurately extracted from the financial statement and other books and records of the Company for the year ended 31 March 2018; and

b. the computation is not arithmetically accurate.



Restrictions of use

10. This Report has been issued for the sole use of the Board of Directors of the Company, to whom it is addressed, for submission to the debenture trustees pursuant to email communication. Accordingly, our Report should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent. Also, we neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

Yours Sincerely

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024



N Sampath Ganesh

Partner

Membership No: 042554

Enclosure: The Statement of ratios and other information as at 31 March 2018.

The following statement of ratios and other information has been prepared for the purpose of submission to the debenture trustee of Secured/Unsecured, Non-convertible, Redeemable debentures issued by the Company, for their noting specified under Regulation 52(5) of SEBI (LODR) Regulation, 2015

Statement of Ratios and Other Information as at 31 March 2018

Sr No	Particulars	Ratio and other information
1	Debt equity Ratio with Preference share capital (Refer Note 1)	7.33
2	Debt equity Ratio without Preference share capital (Refer Note 2)	7.73
3	Capital Redemption reserve (Rupees in crore)	Nil
4	Outstanding redeemable preference shares (Rupees in crores) (Refer Note 3)	125
5	Debt redemption reserve (Refer Note 4)	Not Applicable
6	Net worth (Rupees in crores) (Refer Note 5)	2,357.70
7	Net profit after tax for the year ended 31 March 2018 (Rupees in crores)	99.66
8	Basic and diluted Earnings per share for year ended 31 March 2018 (Rupees per share)	2.72

For IL&FS Financial Services Limited


Authorised Signatory

Place: Mumbai
Date: May 28, 2018



Notes to Statement of ratios and other information

Note 1: Computation of debt equity ratio with preference shares included as part of Equity

Particulars	Amount (Rupees in crore)
Long term borrowings	10,194.76
Current maturities of long term borrowings	2,834.57
Short term borrowings	4,560.61
Total Debt (A)	17,589.94
Equity share capital	265.67
Preference share capital	125.00
Reserves and Surplus	2,009.08
Total Equity (B)	2,399.75
Debt Equity Ratio (A/B)	7.33

Note 2: Computation of debt equity ratio without preference shares *

Particulars	Amount (Rupees in crores)
Long term borrowings	10,194.76
Current maturities of long term borrowings	2,834.57
Short term borrowings	4,560.61
Total Debt (A)	17,589.94
Equity share capital	265.67
Reserves and Surplus	2,009.08
Total Equity (B)	2,274.75
Debt Equity Ratio (A/B)	7.73

* Preference share is neither considered as debt nor equity

Note 3: Outstanding redeemable preference shares

1,66,666 non-convertible redeemable cumulative preference shares aggregating to face value amount of ₹ 125 crore issued at premium of ₹ 125 crore and issue price of ₹ 250 crores



Handwritten signature

Note 4: Debenture redemption reserve

The Company is registered with the Reserve Bank of India as a Non-Banking Financial Company and issued Non – Convertible Debentures on private placement basis, consequently Debenture

Redemption Reserve is not required to be created in terms of Rule 18 (7) (b) (ii) of the Companies (Share Capital and Debenture) Rules, 2014

Note 5: Computation of net worth

Particulars	Amount (Rupees in crores)
Share capital	390.67
Reserves created out of profit (Refer Footnote below)	2,009.08
Sub Total (A)	2,399.75
Unamortised Borrowing cost	42.05
Sub Total (B)	42.05
Net Worth (A) - (B)	2,357.70

Footnotes:

- a) Reserves created out of profit as per standalone balance sheet:

Particulars	Amount (Rupees in crores)
Securities Premium Account	968.11
Special Reserve I	512.83
Special Reserve-II under Section 36 (1) (viii) of Income Tax Act, 1961	25.07
General Reserve	205.19
Cash Flow Hedge Reserve	NIL
Profit balance at the end of the year	297.89
Total	2,009.08

- b) “Net Worth” as per section 2(57) of the Companies Act 2013, means aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation

