

October 31, 2013

Centbank Financial Services Limited
15-16, Bajaj Bhavan,
1st Floor,
Opp. INOX / CR2 Multiplex,
Nariman Point,
Mumbai – 400 021

Recd
06/11/13

Kind Attention: Mr H V Kamdar

Dear Sir,

Re: Submission of Information / Statement as on September 30, 2013

In continuation to our letter dated October 10, 2013 on the captioned subject, we are enclosing herewith the Asset Cover Certificate as on September 30, 2013 in respect of the Secured NCDs issued by the Company, duly certified by Messrs Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company


The Asset Cover ratio as on September 30, 2013 is 1.54 times of the outstanding debt

Kindly acknowledge receipt of the same

Thanking You,

Sincerely,

For IL&FS Financial Services Limited



Neelam Desai
Company Secretary

ND

Encl.: A/a

REF: KJM/2013-2014/4227

AUDITORS' CERTIFICATE

Introduction

We have verified the attached "Statement of Computation of Asset Coverage as at September 30, 2013" (the "Statement") derived from the unaudited financial Statements and other records of **IL&FS Financial Services Limited (the "Company")** for the half year ended September 30, 2013.

Management's Responsibility for the Statement

The Company's Management is responsible for preparation of the Statement. This includes collecting, collating and validating data and designing, implementing, compliance with the Agreement as stated in "criteria" paragraph and maintaining of internal controls relevant to the preparation of the Statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express our conclusion on the information contained in the Statement based on our limited assurance procedures. Our procedures have been planned to obtain all information and explanations that we considered necessary to support our conclusion. Our work was planned to mirror the Company's own compilation process, reviewing how the items in the Statement within our assurance scope were collected, collated and validated by the Company for inclusion in the Statement based on the Guidance Note on Audit Reports and Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI").

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Criteria

We refer to the Ninth Contributory Legal Mortgage dated July 26, 2013 and the Indenture of Mortgage dated January 9, 2009 entered into between the Company and Central Bank of India (acting as Agent) and the Debenture Trust Deed dated November 08, 2012 and April 02, 2013 entered into between the Company and Centbank Financial Services Limited (acting as trustee of debenture holders) and the Amended and Restated Security Trustee Agreement dated January 2, 2009 entered into between the Company, Lenders

JS

Deloitte Haskins & Sells

and Central Bank of India (acting as Security Trustee) (together referred to as the "Agreement"), whereby it was agreed that the Company shall maintain at all times and from time to time an asset coverage as defined in the aforesaid Agreement of at least 1.33 times the total outstanding Secured Loans of the Company, excluding the "excluded assets" referred to in the aforesaid Agreement.

The criteria, against which the information contained in the Statement is evaluated, are the unaudited financial statements of the Company for the half year ended September 30, 2013.

Conclusion

Based on the limited assurance work that we performed as aforesaid, nothing has come to our attention which causes us to believe that the information presented in the Statement contains any material misstatement. The asset coverage ratio as at September 30, 2013, in accordance with Criteria mentioned above, as determined in the attached Statement, read together with and subject to the notes thereon, is 1.54 times.

Restriction on Distribution

The above certificate is issued at the request of the Company for submission to the Senior Lenders and the Debenture Trustee and shall not be used for any other purpose without our prior written consent.

For Deloitte Haskins & Sells
Chartered Accountants
(ICAI Reg. No. 117366W)



Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, October 30, 2013
KJM/NDU

IL&FS Financial Services Limited		
Statement of Computation of Asset Coverage Ratio as at Sep 30, 2013		
Rupees in Million		
<u>ASSETS</u>	Amount	Amount
Movable and Immovable Lensed Assets (Net)		37.62
Investments-Long Term/Strategic Investments		30,697.44
Loans and Advances (Long Term and Short Term)		87,883.59
Non Current Assets		570.62
Current Assets		6,273.94
		125,463.21
<u>SECURED LOANS OUTSTANDING</u>		
Loans from Banks-Current and Non Current		
Bank of India	13,000.00	
Indian Overseas Bank	6,312.50	
State Bank of Travancore	5,000.00	
Bank of Baroda	5,000.00	
Indian Bank	5,000.00	
Jammu & Kashmir Bank Ltd.	4,300.00	
Punjab & Sind Bank	3,800.00	
Oriental bank of Commerce	3,000.00	
State Bank of Mysore	3,000.00	
Syndicate Bank	2,500.00	
Allahabad Bank	2,500.00	
Dena Bank	2,000.00	
Bank of Maharashtra	2,000.00	
State Bank of Hyderabad	2,000.00	
Vijaya Bank	2,000.00	
IDBI Bank Ltd	1,800.00	
Canara Bank	1,500.00	
IndusInd Bank	1,500.00	
The Bank of Nova Scotia	1,000.00	
Central Bank of India	1,000.00	
Andhra Bank	1,000.00	
State Bank of Bikaner & Jaipur	1,000.00	
Australia and New Zealand Banking Group Limited	750.00	
Tha Karur Vysya Bank Ltd	500.00	
ING Vysya Bank Ltd.	500.00	
Abu Dhadhi Commercial Bank Ltd	280.00	
UCO Bank	250.00	
State Bank of Patiala	250.00	
		72,742.50
Debentures		7,500.00
Cash Credit		522.91
Interest Accrued but not due on Secured Loans		709.03
		81,474.44
Asset Coverage Ratio		1.54



Notes:

- Loans from Banks Include certain Loans aggregating Rs. 500 mn whose security creation process is pending.
- Leased Assets and Loans and Advances are net of provision /write off made for non performing assets as per RBI guidelines and accelerated provisions / write off made on a case to case basis as determined by the Management.
- Provision for General Contingency amounting to Rs. 2,950.00 mn created 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. 250.00 mn as per 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 excluded from assets.
- Collateralised Borrowing of Rs.1,069.72 mn as on September 30, 2013 has not been included in secured loans because it is secured against specific assets (Investments in Government Securities) which are excluded assets for the asset cover computation.
- Long term/Strategic Investments also include current maturity of long term investments.
- "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, gift 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 cannot be created:
 - a) Capital work in progress / Capital Advances
 - b) Deferred tax,
 - c) Advance tax including TDS and
 - d) Prepaid Expenses

For IL&FS FINANCIAL SERVICES LIMITED



Jeepal Parole

Authorised Signatory

Place : Mumbai

Date : October 30 , 2013

