

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)

June 22, 2015


Dear Debentureholder,


As per the provisions of the Debt Listing Agreement executed between Bombay Stock Exchange Limited (BSE) and the Company for listing of its Secured / Unsecured (NCDs) issued by the Company and listed on BSE, we are providing herewith :

- (1) The Financial results of the Company for the Half Year ended March 31, 2015 are enclosed as Annexure-I
- (2) Credit Rating : The Company had been granted the following Credit Rating during the period, October 1, 2014 to March 31, 2015:
 - (a) Credit Analysis and Research Limited – has assigned “CARE AAA” for the long term borrowings of the Company by way of issue of debentures
- (3) The debt to equity ratio for the Half Year ended March 31, 2015 is 6.10:1
- (4) The Asset Cover Ratio for the Half Year ended March 31, 2015 is 1.55 times of the outstanding debt as per the Asset Cover certified by the Statutory Auditors of the Company ie Messrs Deloitte Haskins & Sells LLP, Chartered Accounts, Mumbai (Copy enclosed as Annexure-II)
- (5) We are enclosing a statement indicating the details of outstanding NCDs listed on BSE and their coupon payments due and payable for each of Series of NCDs as Annexure-III


Sincerely,

For IL&FS Financial Services Limited



 **Neelam Desai**
Company Secretary

For Centbank Financial Services Limited


H V Kamdar
Company Secretary &
Assistant Vice President



IL&FS Financial Services Limited

Registered Office: The IL&FS Financial Centre,
Sandra Kulkarni Complex, Bandra East, Mumbai - 400 051
Tel No: +91 22 2653 3333, Fax No.: +91 22 2653 3149,
Website: www.il&fs.com,
Corporate Identity Number - U65990MH1995PLC093241



Financial Services

IL&FS Financial Services Limited

Statement of Financial Results for the Half Year ended March 31, 2015

(₹ in Lakhs)

Particulars	Half Year ended		Year ended	
	31-Mar-15 Audited	31-Mar-14 Audited	31-Mar-15 Audited	31-Mar-14 Audited
1 Interest earned (a) + (b) + (c) + (d)	63,998	92,740	172,717	168,559
(a) Interest/disc. on advances/ bills	71,555	69,239	143,749	136,490
(b) Income on investments	12,443	23,501	28,968	32,069
(c) Interest on balances with Reserve Bank of India and other inter-bank funds				
(d) Others				
2 Other Income	14,837	9,660	19,408	12,940
3 Total Income (1+2)	98,835	102,400	192,125	181,499
4 Interest Expended	61,303	59,120	121,601	115,547
5 Operating Expenses (i) + (ii)	7,260	8,490	14,032	14,670
(i) Employee cost	2,520	3,197	5,375	5,502
(ii) Other operating expenses (All items exceeding 10% of the total expenditure excluding interest expenditure may be shown separately)	4,740	5,293	8,657	9,168
a) Brand Subscription Charges	907	878	1,815	1,755
b) Service Charges	1,580	1,064	2,713	2,103
c) Legal & Professional Expenses	251	1,335	437	1,464
d) Others	2,002	2,016	3,692	3,846
6 Total Expenditure (4+5) excluding provisions and contingencies	68,563	67,610	135,633	130,217
7 Operating Profit before Provisions and Contingencies (3-6)	30,272	34,790	56,492	51,282
8 Provisions (other than tax) and Contingencies	9,276	6,406	16,454	15,774
9 Exceptional Items				
10 Profit (+) / Loss (-) from Ordinary Activities before tax (7-8-9)	20,996	28,384	40,038	35,508
11 Tax expense	7,715	6,469	15,101	9,000
12 Net Profit (+) / Loss (-) from Ordinary Activities after tax (10-11)	13,281	21,915	24,937	26,508
13 Extraordinary items (net of tax expense)				
14 Net Profit (+) / Loss (-) for the period (12-13)	13,281	21,915	24,937	26,508
15 Paid-up equity share capital (Face Value of Rs 10 each)	26,567	26,567	26,567	26,567
16 Reserves excluding Revaluation Reserves (as per balance sheet of previous accounting year)	N.A.	N.A.	176,557	167,961
17 Analytical Ratios				
(i) Capital Adequacy Ratio as at *Unaudited	21.63%*	21.63%	21.63%*	21.63%
(ii) Earnings Per Share (EPS) (Basic & Diluted) **Not annualised	5.00**	8.25**	9.39	9.98
18 NPA Ratios (Unaudited)				
a) (i) Gross NPA	25,297	24,305	25,297	24,307
(ii) Net NPA	20,250	18,821	20,250	18,822
b) (i) % of Gross NPA	2.58	2.46	2.58	2.46
(ii) % of Net NPA	2.08	1.91	2.08	1.91
19 Return on Assets (Unaudited) * Not annualised	0.89%*	1.57%*	1.69%*	1.95%

Notes:-

- The above financial results of the Company for the year ended March 31, 2015 has been reviewed by the Audit Committee at their meeting held on May 06, 2015 and approved by the Board of Directors at their meeting held on May 14, 2015.
- Interest on Advances includes lease income on assets given on lease.
- Income on Investment includes interest on investment, dividend, pass through income and Net Gain/ (Loss) on sale of investments.
- Pursuant to the enactment of the Companies Act 2013 (the Act), the Company has, effective April 1, 2014 modified the useful lives of certain tangible assets in line with Schedule II of the Act. The Company has further decided to change the method of depreciation to Straight Line Method (SLM) in place of Written Down Value Method (WDV). As a result of the change in method of charging depreciation from WDV to SLM and change in useful life of certain category of assets the charge on account of Depreciation for the year ended March 31, 2015, is lower by ₹ 28.30 Lakhs and profit before tax is higher by ₹ 28.30 Lakhs than the amount that would correspond to the method of depreciation previously used and useful lives previously assessed.
- Provisions (other than tax) and Contingencies includes the following: (₹ in Lakhs)

Particulars	Half Year ended		Year ended	
	31-Mar-15 Audited	31-Mar-14 Audited	31-Mar-15 Audited	31-Mar-14 Audited
Provision for Non-Performing Assets	3,603*	1,869*	5,083*	4,056
Provision for Diminution in Investments	(2,678)	421	(2,624)	4,346
Provision for Contingencies	7,697*	4,000	11,697*	5,500
Contingent Provision against Standard Assets	(50)			
Provision for Bad and Doubtful Debts	76	240	516	456
Other Provisions	628	(124)	1,782	1,416
Total	9,276	6,406	16,454	15,774

*The Company has written off specific loans amounting to ₹ 15,569.50 Lakhs utilising NPA Provision of ₹ 5,937.50 Lakhs and General Contingency Provision of ₹ 9,632.00 Lakhs.

- In addition to Loans, Investments in Debt and Investments in Pass through certificates of ₹ 85,611 Lakhs (₹ 87,463 Lakhs) only as at respective dates has been considered for calculation of NPA ratio.
- Provision for Non Performing Assets does not include provision for contingency, Contingent Provision against Standard Assets, Provision for Bad and Doubtful Debts and other provisions.
- Return (Profit after tax) on Assets has been calculated on average assets. Average Asset is average of the opening & closing total assets for the respective corresponding periods/year.
- The Company is in the business of providing financial services. As such, all activities undertaken by the Company are incidental to the main business segment. There is no separate reportable business segments per Accounting Standard 17 "Segment reporting".
- Figures of the previous year/period have been regrouped and reclassified wherever necessary.
- Board of Directors of the Company in their meeting today proposed a dividend of ₹ 5/- per share aggregating ₹ 15,982.58 Lakhs (includes dividend tax ₹ 2,704.18 Lakhs) which is subject to its shareholders approval. The reserves stated above are after giving effect to the proposed dividend and tax thereon.
- The figures in the columns headed half year ended March 31, 2015 and March 31, 2014 for the Company have been derived after considering the audited Statement of Financial Results for the half year ended September 30, 2014 and September 30, 2013 respectively.

For and on behalf of the Board

Sd/-

Managing Director & CEO

Sd/-

Chief Financial Officer

Sd/-

Company Secretary

Mumbai
May 14, 2015

IL&FS Financial Services Limited

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Financial Services

IL&FS Financial Services Limited

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(₹ in Lakhs)

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(c) Interest on balances with Reserve Bank of India and other inter-bank funds	-	-	-	-
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For and on behalf of the Board
Sd/-
Managing Director & CEO
Sd/-
Chief Financial Officer
Sd/-
Company Secretary

Mumbai
May 14, 2015

CARE/HO/RL/2014-15/2657

Mr. Deepak Pareek
Chief Financial Officer
IL&FS Financial Services Ltd
The IL&FS Financial Center
Bandra Kurla Complex,
Bandra (E),
Mumbai 400 051.

March 13, 2015

Confidential

Dear Sir,

Credit rating for various debt instruments

Please refer to our letter dated October 1, 2014 as well as your request for revalidation of the rating assigned to various debt instruments of your company.

2. The following ratings has been reviewed:

Instrument	Rated Amount (Rs. crore)	Outstanding Amount (Rs. crore)	Rating ¹	Remarks
Non convertible debentures	1500	668	CARE AAA (Triple A)	Reaffirmed
Subordinated Debt	100	-	CARE AAA (Triple A)	Reaffirmed
Short term Debt Programme	750	631	CARE A1+ (A One Plus)	Reaffirmed

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.

4. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CERTIFICATE

DSB/2015-16/19

We have examined the audited financial statements as at 31st March 2015 of IL&FS Financial Services Limited (IFIN) having its Registered Office at The IL&FS Financial Centre, Plot C- 22, G Block, Bandra Kurla Complex, Bandra (East) Mumbai - 51 as audited by the Statutory Auditors, Deloitte & Haskins & Sells, LLP Chartered Accountants.

On the basis of our examination and based on information and explanation given to us by the management, we certify that the Debt Equity Ratio of IFIN as on 31st March 2015 is as under:

PARTICULARS	AMOUNT (Rs. In Mn.)
DEBT	
- Long Term Borrowings	67,171.27
- Short Term Borrowings	24,566.30
- Current Maturity of Long Term Borrowing	32,205.86
Total Debt (A)	1,23,943.40
EQUITY	
- Share Capital	2,656.68
- Reserves & Surplus	17,655.70
Total Equity (B)	20,312.38
Debt- Equity Ratio (A/B)	6.10

The Debt Equity Ratio of the Company as on March 31, 2015 is 6.10:1

PATEL & DEODHAR
CHARTERED ACCOUNTANTS

Dipika S. Bhide

DIPIKA BHIDE
(PARTNER)

M.No.047902

MUMBAI, 16th June 2015



Deloitte Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th - 32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
Maharashtra, India

Tel: +91 (022) 6185 4000
Fax: +91 (022) 6185 4501/4601

REF: KJM/2014-2015/8159

AUDITORS' CERTIFICATE

Introduction

We have verified the attached "Statement of Computation of Asset Coverage as at March 31, 2015" (the "Statement") derived from the unaudited financial statements and other records of **IL&FS Financial Services Limited (the "Company")** for the year ended on March 31, 2015.

Management's Responsibility for the Statement

The Company's Management is responsible for preparation of the Statement in accordance with the:

- (i) Twelfth Contributory Legal Mortgage dated January 30, 2015 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:
 - a. dated November 08, 2012 for series 2012 II, 2012 III, 2012 IV,
 - b. dated April 02, 2013 for series 2012 VI,
 - c. dated August 23, 2013 for series 2013 I, 2013 II, 2013 III, 2013 IV, 2013 V and;
 - d. dated December 27, 2013 for series 2013 VI, 2013 VII, 2014 I, 2014 II, 2014 III
 entered into between the Company and Centbank Financial Services Limited (acting as trustee of debenture holders); and
- (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 "Agreement").


KJM

**Deloitte
Haskins & Sells LLP**

Restriction on Distribution

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Regn. No: 117366W/W-100018



Kalpesh J. Mehta
Partner

Membership No. 048791

MUMBAI, April 30 2015
KJM/NDU

Notes: Secured Loans from Banks shown above Includes certain Loans aggregating Rs. 4,500.00 mn whose security creation process is pending.

- Leased Assets and 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.
- Provision for General Contingency amounting to Rs. 2,400.00 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 deducted from the value of assets.
- Company has created provision on interest sacrifice on restructured loans aggregating Rs. 205.05 mn as per Reserve Bank of India Circular No.DBS.FID No. C-19 issued on March 28, 2001. 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.
- "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 cannot be created:

- a) Capital Advances
- b) Deferred tax,
- c) Advance tax including TDS and
- d) Prepaid Expenses

[Handwritten signature]



For IL&FS FINANCIAL SERVICES LIMITED

[Handwritten signature]
Authorised Signatory

Place : Mumbai

Date : April 30, 2015