

REF: KJM/2015-2016/9721

AUDITOR'S CERTIFICATE

Introduction

We have verified the attached "Statement of Computation of Asset Coverage as at December 31, 2015" (the "Statement") derived from the unaudited books of accounts and other records of **Infrastructure Leasing & Financial Services Limited (the "Company")** for the nine months ended December 31, 2015.

Management's Responsibility for the Statement

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

- I. Twenty- Fourth Contributory Legal Mortgage dated November 17, 2015 entered into between the Company and Central Bank of India (acting as agent and trustee)
- II. Debenture Trust Deed entered into between the Company and Central Bank of India (acting as debenture trustee) for following series:
 - a) dated October 04, 2002 for series 2001-XI
 - b) dated December 20, 2003 for series 2001-IX
 - c) dated March 20, 2003 for series 2001-IX, 2002-XI and
 - d) dated June 23, 2003 for series 2002-XI
- III. (i) Debenture Trust Deed entered into between the Company and Centbank Financial Services Limited (acting as debenture trustee) for following series
 - a) dated June 01 , 2010 for series 2009-XVI
 - b) dated August 17, 2010 for series 2010-V, 2010-VI
 - c) dated October 31 2011 for series 2010-VII, 2010-VIII, 2010-IX, 2010-X, 2010-XI, 2011-I, 2011-II, 2011-III, 2011-IV, 2011-VI, 2011-V
 - d) dated May 30, 2012 for series 2011-VII, 2011-VIII, 2011-IX
 - e) dated March 05, 2013 for series 2012-I, 2012-II, 2012-III, 2012-IV
 - f) dated August 19, 2013 for series 2013-I-B, 2013-I-C, 2013-I-D
 - g) dated October 31, 2013 for series 2013-II-B, 2013-II-A, 2013-II-C, 2013-II-D
 - h) dated November 21, 2014 for series 2014-I-B, 2014-I-C, 2014-I-O, 2014-I-A, 2014-I-D, 2014-I-E, 2014-I-G, 2014-I-F, 2014-I-H, 2014-I-I, 2014-I-J, 2014-I-



K, 2014-I-L, 2014-I-N, 2014-I-M, 2014-I-P, 2014-I-Q, 2014-I-R, 2014-I-S, 2014-I-T, 2014-I-U, 2014-I-V, 2014-I-W, 2014-I-X, 2014-I-Y & 2014-I-Z and
i) dated November 24, 2015 for Series 2015-I-A, 2015-I-B, 2015-I-C

(ii) Certification of Registration of charge given by the Registrar of Companies dated December 24, 2015 to the Company for charge creation in favour of Centbank Financial Services Limited for series 2005-VI, 2006-V, 2007-II, 2008-IX, 2009-IV, 2009-VI-A and 2009-VI-B

IV. Amendatory Master Loan Agreement dated November 30, 1993 entered into between the Company and the Senior Lenders;

(together referred to as the "Agreements")

This includes collecting, collating and validating data and designing, implementing and maintaining of internal controls relevant to the preparation of the Statement that are free from material misstatement, whether due to fraud or error.

Auditor's 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 Agreements mentioned aforesaid, wherein 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 Borrowings including accrued interest thereon of the Company, excluding the "excluded assets" referred to in the aforesaid Agreements and the management notes in the attached Statement.

The criteria, against which the information contained in the Statement is evaluated, are the unaudited books of accounts and other related records of the Company for the nine months ended December 31, 2015.



Conclusion

Based on the limited assurance work that we performed as aforesaid and according to the information and explanations given to us, 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 December 31, 2015, in accordance with Criteria mentioned above, as determined in the attached Statement, read together with and subject to the notes thereon, is 1.70 times the total outstanding Secured Borrowings including accrued interest thereon of the Company.

Restriction on Distribution

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

MUMBAI, January 27, 2016
KJM/NDU



Statement of Computation of Asset Cover as at December 31, 2015

(₹ mn)

<u>ASSETS AVAILABLE FOR ASSET COVER</u>	Amount	Amount
Fixed Assets - at WDV		82.85
Investments (Current and Non-Current)		109,314.59
Loans & Advances (Current and Non-Current)		
Advance towards Investments	1,319.43	
Loans & Advances	60,659.77	61,979.20
Current and Non-Current Assets		12,175.58
		183,552.22
<u>SECURED BORROWING TAKEN /ISSUED BY THE COMPANY</u>		
Loans from Banks / Financial Institutions / Multilateral Institutions		
The Jammu & Kashmir Bank Ltd	4,000.00	
Syndicate Bank	3,000.00	
Bank of Baroda	2,750.00	
Punjab National Bank	2,000.00	
Bank of Maharashtra	2,000.00	
Punjab & Sind Bank	1,750.00	
Asian Development Bank	1,599.30	
Bank of India	1,000.00	
State Bank of Bikaner & Jaipur	1,000.00	
Karnataka Bank	1,000.00	
The South Indian Bank Ltd	1,000.00	
Floating Rate Notes Guaranteed by USAID	517.50	
The Karur Vysya Bank Ltd	500.00	
Central Bank of India	375.00	
International Bank for Reconstruction and Development	55.77	22,547.57
Cash Credit		43.76
Secured Debentures		81,238.10
Interest Accrued but not due on Secured Borrowings		3,894.06
		107,723.49
Asset Coverage Ratio		1.70



Notes:

- 1 Provision for General Contingency amounting ₹ 7,000 mn has been 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 the assets
- 2 The Company has created Contingent Provision against standard assets amounting ₹ 269.21 mn as per Reserve Bank of India Circular DNBS.PD.CC.No 207/03.02.002/2010-11 issued on January 17, 2011 and subsequent amendments thereto applicable to NBFCs. The same has not been deducted from the value of the assets
- 3 Investments includes current maturity of long term investments
- 4 Secured Borrowing includes current maturity of long term borrowings
- 5 "Excluded Assets", that are not considered for the purpose of calculating the asset cover ratio, includes residential and commercial immovable property owned/tenanted by the Company, including the moveable assets within the property, trading stocks, gilt securities if any and specific equity investments in affiliates / subsidiaries as listed in Debenture Trust Deed dated November 24, 2015. Additionally, the Company has excluded the following assets since charge on these assets cannot be created:
 - a) Capital Work in Progress including Capital Advances
 - b) Advance Tax (net) including Tax Deducted at Source
 - c) Mat Credit Entitlement
 - d) Prepaid Expenses
 - e) Deferred Expenditure - Stamps & Registration Charges
 - f) Unamortised Business Centre Rent Expense
 - g) Unamortised Bank Commission
 - h) Intangible assets



For Infrastructure Leasing & Financial Services Ltd



Authorised Signatory

Date : January 27, 2016

Place : Mumbai

