



INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

November 14, 2011

Centbank Financial Services Limited
Bajaj Bhavan 1st Floor
Opp Inox Multiplex,
Nariman Point
Mumbai 400 021

Re : Asset Coverage Ratio Certificate – September 30, 2011

Dear Sir :

Enclosing the Asset Coverage Ratio Certificate for the quarter ended September 30, 2011 issued by Deloitte Haskins & Sells, Mumbai

You are requested to acknowledge the same

Sincerely

A handwritten signature in blue ink, appearing to read 'V. Srinivas Rao', with a horizontal line drawn through it.

V Srinivas Rao
Manager (Corporate Secretarial)

Encl : a/a

REF: KJM/11-12/9216

AUDITORS' CERTIFICATE

1. We have verified the attached "Statement of Computation of Asset Coverage as at September 30, 2011" (the "Statement") derived from the unaudited financial information and other records of **Infrastructure Leasing & Financial Services Limited (the "Company")**. Preparation of the Statement, which has been initiated by us for identification purposes only, is the responsibility of the Company's Management.
2. We refer to the Amendatory Master Loan Agreement dated 30th November, 1993 entered into between the Company and the Senior Lenders, the Debenture Trust Deed dated 22nd November, 2005 entered into between the Company and Central Bank of India (acting as trustee of debenture holders) and the Nineteenth Contributory Legal Mortgage ("the Agreement") dated 14th January, 2010 entered into between the Company and Central Bank of India (acting as trustee) 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 Loans of the Company, excluding the "excluded assets" referred to in the aforesaid Agreement.
3. The asset coverage ratio as at September 30, 2011, as determined in the attached Statement, read together with and subject to the Notes thereon, is 1.81.
4. The above certificate is issued at the request of the Company for submission to the Senior Lenders and the Debenture Trustee and should not be used for any other purpose without our prior written consent.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Kalpesh J. Mehta

Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, November 10, 2011
KJM/NDU

Statement of Computation of Asset Cover as at September 30, 2011

	Amount	Amount
		(₹ mn)
<u>ASSETS AVAILABLE FOR ASSET COVER</u>		
Fixed Assets - WDV of Owned Residential Properties		2.18
Investments		50,296.50
Loans & Advances (Current and Non Current)		
Advance towards Investments (pending allotment)	5,127.82	
Loans & Advances	16,751.22	21,879.04
Current and Non Current Assets		4,836.47
		77,014.19
<u>SECURED BORROWING TAKEN / ISSUED BY THE COMPANY</u>		
Loans from Banks / Financial Institutions/ Multilateral Institutions (Current and Non Current)		
Asian Development Bank	2,003.48	
United States Agency for International Development (BOI)	697.50	
IBRD Loan (Canara Bank)	386.57	
IBRD Loan	104.55	
Indian Overseas Bank - Term Loan	1,500.00	4,692.10
Cash Credit		843.91
Secured Debentures (Current and Non Current)		35,715.44
Interest Accrued on Secured Borrowing		1,357.08
		42,608.53
Asset Coverage Ratio		1.81



Notes:

- 1 Secured Debentures issued include Debentures for which security creation process is underway
- 2 Provision for General Contingency amounting to Rs 3,500 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
- 3 Company has created contingent provision against standard assets aggregating Rs 45.60 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 the assets
- 4 Long Term / Strategic Investments also include current maturity of long term investments
- 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 Nineteenth Contributory Legal Mortgage ("the Agreement") dated January 14, 2010. Additionally, the Company has excluded the following assets since charge on these assets cannot be created:
 - a) Capital Work in Progress
 - b) Deferred Expenses
 - c) Unamortised Discounting charges on issue of Commercial Papers
 - d) Advance Tax (net) including Tax Deducted at Source
 - e) Mat Credit Entitlement
 - f) Prepaid Expenses
 - g) Equity investment in following companies where the Company cannot create charge/create charge only with the consent of the other investors, have been considered as part of "Excluded Assets" :
 - (i) Avash Logistic Park Private Ltd
 - (ii) Sealand Ports Private Ltd
 - (iii) Sealand Warehousing Private Ltd
 - (iv) IL&FS Technologies Ltd
 - (v) IL&FS Education & Technology Services Limited to the extent of 51% of its paid-up equity capital
- 6 On the basis of the letter no. JKB/CP/ADV/11 - 4391 dated October 19, 2011 received from Jammu & Kashmir Bank Limited for cancellation of the Non Disposable Undertaking provided by the Company, 51% of its Investment in IL&FS Financial Services Limited is considered in the computation of the asset cover for the half year ended September 30, 2011. The said change is pending to be made in the Contributory Legal Mortgage

For Infrastructure Leasing & Financial Services Ltd


Authorised Signatory

Place: Mumbai

November 10, 2011

