

May 27, 2013

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 year ended March 31, 2013 are enclosed as Annexure-I
- (2) Credit Rating : The Company had been granted the following Credit Ratings during the period, October 1, 2012 to March 31, 2013:
  - (a) India Ratings & Research Limited (Formerly known as Fitch Ratings India Private Limited) has assigned "IND AAA" for the long term borrowings of the Company by way of issue of debentures
  - (b) 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, 2013 is 5.61:1
- (4) The Asset Cover available for the half year ended March 31, 2013 is 1.51 as per the Asset Cover as certified by the Statutory Auditors of the Company ie Messrs Deloitte Haskins & Sells, 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  
for CENTBANK FINANCIAL SERVICES LTD.  
(formerly: Centbank Financial & Custodial Services Ltd.  
erstwhile: The Central Bank Executor & Trustee Co. Ltd.)

Authorised Signatory  
Company Secretary & Asstt. Vice President

# Deloitte Haskins & Sells

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

Tel: +91 (22) 6185 4000  
Fax: +91 (22) 6185 4501/4601

REF: KJM/2012-2013/2651

## AUDITORS' CERTIFICATE

### **Introduction**

We have verified the attached "Statement of Computation of Asset Coverage as at March 31, 2013" (the "Statement") derived from the audited financial Statements and other records of **IL&FS Financial Services Limited (the "Company")** for the year ended March 31, 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 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, verifying 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 Eighth Contributory Legal Mortgage dated January 29, 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 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"), 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



# Deloitte Haskins & Sells

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 audited financial statements of the Company for the year ended March 31, 2013.

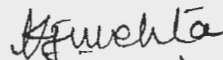
## Conclusion

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 March 31, 2013, in accordance with Criteria mentioned above, as determined in the attached Statement, read together with and subject to the notes thereon, is 1.51 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  
(Registration No. 117366W)



Kalpesh J. Mehta  
Partner  
(Membership No. 48791)

MUMBAI, April 30, 2013  
KJM/NDU

IL&FS Financial Services Limited		
Statement of Computation of Asset Coverage Ratio as at March 31, 2013		
Rupees in Million		
<u>ASSETS</u>	Amount	Amount
Movable and Immovable Leased Assets (Net)		52.30
Investments-Long Term/Strategic Investments		25,078.34
Loans and Advances (Current and Non-current)		89,686.85
Non Current Assets		625.58
Current Assets		4,682.80
		1,20,125.87
<b><u>SECURED LOANS OUTSTANDING</u></b>		
<b>Loans from Banks-Current and Non Current Loans</b>		
The Bank of Nova Scotia	1,000.00	
Australia and New Zealand Banking Group Limited	750.00	
Bank of India	13,000.00	
State Bank of India	600.00	
Denā Bank	2,000.00	
Bank of Maharashtra	2,000.00	
United Bank of India	2,000.00	
Central Bank of India	3,000.00	
Canara Bank	2,500.00	
Syndicate Bank	1,500.00	
State Bank of Travancore	5,000.00	
Vijaya Bank	2,000.00	
Bank of Baroda	5,000.00	
Andhra Bank	500.00	
Tha Karur Vysya Bank Ltd	500.00	
IndusInd Bank	2,000.00	
Abu Dhadhi Commercial Bank Ltd	280.00	
ING Vysya Bank Ltd	666.67	
IDBI Bank Ltd	1,800.00	
Allahabad Bank	2,500.00	
Indian Bank	5,000.00	
Jammu & Kashmir Bank Ltd	3,550.00	
Oriental bank of Commerce	3,000.00	
Punjab & Sind Bank	4,500.00	
State Bank of Mysore	3,000.00	
State Bank of Bikaner & Jaipur	500.00	
Indian Overseas Bank	6,750.00	
		74,896.67
Debentures		2,500.00
Cash Credit		2,237.11
Interest Accrued but not due on Secured Loans		136.27
		79,770.05
<b>Asset Coverage Ratio</b>		<b>1.51</b>



Mr. Milind Patel  
Deputy Managing Director  
IL&FS Financial Services Limited  
IL&FS Centre, Plot C22, G Block,  
Bandra Kurla Complex, Bandra (E)  
Mumbai 400 051

*Deepak*

*to  
Nancy Jindal*

19 February 2013

Dear Mr. Patel,

**Re: Long -term rating of IL&FS Financial Services Limited's (I-Fin) debt**

India Ratings (see definition below) communicates the following ratings:-

- a) Long- Term issuer rating : 'IND AAA' / Outlook Stable
- b) INR 7bn long -term senior non-convertible debenture: 'IND AAA'
- c) INR 8bn lower tier II subordinated debt : 'IND AAA'

I-Fin has already issued INR 2.5bn of non-convertible debentures and INR 7.0bn lower tier II subordinated debt.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action

is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in a India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at 91 22 4000 1700.

Sincerely,

India Ratings

By:



**Ananda Bhoumik**  
Senior Director



**Ehsan Syed**  
Director

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

December 26, 2012

**Confidential**

Dear Sir,

**Revalidation of Credit Rating for Non Convertible Debentures issue of  
Rs.500 crore**

Please refer to our letter dated October 01, 2012 and your request for revalidation of the rating assigned to the Non Convertible Debentures issue for a limit of Rs.500 crore.

2. It has been decided to reaffirm the rating of 'CARE AAA' [Triple A] to the Non Convertible Debentures issue of IL&FS Financial Services Ltd. for a limit of Rs.500 crore.
3. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various ratings for long term instruments and explanatory notes thereon are annexed.
4. Please arrange to get the rating revalidated, in case the instruments under the long term borrowing programme are not raised within **six months** from the date of this letter.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest-rate, date of payment of interest, date and amount of repayment etc.] as soon as it has been placed.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also be entitled to publicize / disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without any reference to you.

8. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

  
[Geeta Chainani]  
Manager

  
[Ashvini Patil]  
A.G.M.

Encl : As above

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.



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

4<sup>th</sup> Floor, Godrej Coliseum,  
Somaiya Hospital Road,  
Off Eastern Express Highway,  
Sion (East), Mumbai - 400 022, INDIA  
☎ : 67543456 Fax (022) 67543457  
E-mail : care@careratings.com  
www.careratings.com

February 22, 2013

**Confidential**

Dear Sir,

**Revalidation of Credit Rating for proposed Subordinated Debt issue of  
Rs.100 crore**

Please refer to our letter dated January 16, 2013 and your request for revalidation of the rating assigned to the proposed Subordinated debt issue for a limit of Rs.100 crore.

2. It has been decided to reaffirm the rating of 'CARE AAA' [Triple A] to the Subordinated debt issue of IL&FS Financial Services Ltd. for a limit of Rs.100 crore.
3. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various ratings for long term instruments and explanatory notes thereon are annexed.
4. Please arrange to get the rating revalidated, in case the instruments under the long term borrowing programme are not raised within **six months** from the date of this letter.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest-rate, date of payment of interest, date and amount of repayment etc.] as soon as it has been placed.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also be entitled to publicize / disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without any reference to you.


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If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

  
[Geeta Chainani]  
Manager

  
[Ashvini Patil]  
A.G.M.

Encl : As above

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## Details of Outstanding Position of NCDs as on March 31, 2013

Sr No	Description of the NCDs	Series Description	Date of Allotment	No of NCDs (FV: ₹ 1000 each)	Amount (₹ Crs)	Coupon Rate and Frequency of the Interest Payment	Previous Due Date for the payment of Interest/ Principal	Next Due Date for the payment of interest/ principal	Final Redemption Date
1	Tier II - Subordinated Debt in the nature of Unsecured Redeemable Non-Convertible Debentures (NCDs)	2011 Series I	December 28, 2011	20,00,000	200.00	10.30 % p.a. payable annually On 28 <sup>th</sup> December every year. Last coupon payment will be on redemption date	December 28, 2012	December 28, 2013	December 28, 2021
2	Tier II - Subordinated Debt in the nature of Unsecured Redeemable Non-Convertible Debentures (NCDs)	2011 Series II	March 22, 2012	20,00,000	200.00	10.30 % p.a. payable annually On 22 <sup>nd</sup> March every year. Last coupon payment will be on redemption date	March 22, 2013	March 22, 2014	March 22, 2022
3	Tier II - Subordinated Debt in the nature of Unsecured Redeemable Non-Convertible Debentures (NCDs)	2012 Series I	June 29, 2012	20,00,000	200.00	10.15 % p.a. payable annually On 29 <sup>th</sup> June every year. Last coupon payment will be on redemption date	Not Applicable	June 29, 2013	June 29, 2022

Sr No	Description of the NCDs	Series Description	Date of Allotment	No of NCDs (FV: ₹ 1000 each)	Amount (₹ Crs)	Coupon Rate and Frequency of the Interest Payment	Previous Due Date for the payment of Interest/ Principal	Next Due Date for the payment of interest/ principal	Final Redemption Date
4	Secured Redeemable Non-Convertible Debentures (NCDs)	2012 Series II	August 13, 2012	10,00,000	100.00	9.75 % p.a. payable annually On 13 <sup>th</sup> August every year. Last coupon payment will be on redemption date	Not Applicable	August 13, 2013	August 13, 2017
5	Secured Redeemable Non-Convertible Debentures (NCDs)	2012 Series III	September 3, 2012	5,00,000	50.00	9.75 % p.a. payable annually On 3 <sup>rd</sup> September every year. Last coupon payment will be on redemption date	Not Applicable	September 3, 2013	September 3, 2017
6	Secured Redeemable Non-Convertible Debentures (NCDs)	2012 Series IV	September 28, 2012	5,00,000	50.00	9.54 % p.a. payable annually On 28 <sup>th</sup> September every year. Last coupon payment will be on redemption date	Not Applicable	September 28, 2013	September 28, 2022
7	Tier II - Subordinated Debt in the nature of Unsecured Redeemable Non-Convertible Debentures (NCDs)	2012 Series V	November 27, 2012	10,00,000	100.00	9.55 % p.a. payable annually On 27 <sup>th</sup> November every year. Last coupon payment will be on redemption date	Not Applicable	November 27, 2013	November 27, 2022

Sr No	Description of the NCDs	Series Description	Date of Allotment	No of NCDs (FV: ₹ 1000 each)	Amount (₹ Crs)	Coupon Rate and Frequency of the Interest Payment	Previous Due Date for the payment of Interest/ Principal	Next Due Date for the payment of interest/ principal	Final Redemption Date
8	Secured Redeemable Non-Convertible Debentures (NCDs)	2012 Series VI	January 7, 2013	2,11,000	21.10	9.65 % p.a. payable annually On 7 <sup>th</sup> January every year. Last coupon payment will be on redemption date	Not Applicable	January 7, 2014	January 7, 2016
			January 7, 2013	2,89,000	28.90	9.60 % p.a. payable annually On 7 <sup>th</sup> January every year. Last coupon payment will be on redemption date	Not Applicable	January 7, 2014	January 7, 2018
9	Tier II - Subordinated Debt in the nature of Unsecured Redeemable Non-Convertible Debentures (NCDs)	2012 Series VII	February 28, 2013	10,00,000	100.00	9.55 % p.a. payable annually On 28 <sup>th</sup> February every year. Last coupon payment will be on redemption date	Not Applicable	February 28, 2014	February 28, 2023
			<b>Total</b>	<b>1,05,00,000</b>	<b>1,050.00</b>				

Certified to be true  
For IL&FS Financial Services Limited



Neelam Desai  
Company Secretary

Date ; May 27, 2013

Place : Mumbai