

REF: KJM/2013-2014/4652

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AUDITORS' CERTIFICATE

Introduction

We have verified the attached "Statement of Computation of Asset Coverage as at December 31, 2013" (the "Statement") derived from the unaudited financial information and other records of **Infrastructure Leasing & Financial Services Limited (the "Company")** for the nine months ended December 31, 2013.

Management's Responsibility for the Statement

The Company's Management is responsible for preparation of the Statement in accordance with the Amendatory Master Loan Agreement dated November 30, 1993 entered into between the Company and the Senior Lenders, the Debenture Trust Deed dated August 19, 2013 entered into between the Company and Centbank Financial Services Limited (acting as trustee of debenture holders) and the Twenty- First Contributory Legal Mortgage ("the Agreement") dated February 22, 2013 entered into between the Company and Central Bank of India (acting as trustee). 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, 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 Agreement 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 Agreement.

The criteria, against which the information contained in the Statement is evaluated, are the unaudited financial information and other related records of the Company for the nine months ended December 31, 2013.


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, 2013, in accordance with Criteria mentioned above, as determined in the attached Statement, read together with and subject to the notes thereon, is 1.65 times the total outstanding Secured Borrowing 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 Trustee and shall not be used for any other purpose without our prior written consent.

MUMBAI, January 27, 2014
KJM/NDU

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

Kalpesh J. Mehta
Partner
Membership No. 048791

Statement of Computation of Asset Cover as at December 31, 2013

		(₹ mn)
<u>ASSETS AVAILABLE FOR ASSET COVER</u>	Amount	Amount
Fixed Assets - WDV of Owned Residential Properties		2.11
Investments (Current and Non-Current)		67,062.35
Loans & Advances (Current and Non-Current)		
Advance towards Investments (pending allotment)	6,219.43	
Loans & Advances	20,078.56	26,297.99
Current and Non-Current Assets		10,932.24
		104,294.69
<u>SECURED BORROWING TAKEN /ISSUED BY THE COMPANY</u>		
Loans from Banks / Financial Institutions / Multilateral Institutions		
Jammu & Kashmir Bank Ltd	4,000.00	
State Bank of Travancore	2,000.00	
Asian Development Bank	1,776.02	
Bank of Maharashtra	1,000.00	
Bank of India	1,000.00	
United States Agency for International Development	607.50	
Punjab & Sind Bank	250.00	
IBRD Loan (Canara Bank)	207.22	
IBRD Loan	56.07	10,896.81
Cash Credit		222.27
Secured Debentures		49,601.97
Interest Accrued but not due on Secured Borrowings		2,514.17
		63,235.22
Asset Coverage Ratio		1.65



Notes:

- 1** Provision for General Contingency amounting ₹ 5,000 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 aggregating ₹ 57.33 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
- 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 Twenty First Contributory Legal Mortgage ("the Agreement") dated February 22, 2013. 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

For Infrastructure Leasing & Financial Services Ltd



Authorised Signatory

Date : January 27, 2014

Place : Mumbai

