

December 27, 2019

The Secretary,
Listing Department (Debt Listing)
Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Re: Company Code: 10191

Name of the Company: IL&FS Financial Services Limited

Sub: Submission of Annual Audited Standalone Financial Results for the year ended March 31, 2019

Dear Sir/Madam,

Pursuant to Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed herewith the Annual Audited Standalone Financial Results for the year ended March 31, 2019 approved by the Board of Directors of the Company at its Meeting held on December 27, 2019 alongwith the Auditor's Report and other information/documents as prescribed under Regulation 52 of the Listing Regulations

Request you to kindly take the above documents on record

Thanking You,

For IL&FS Financial Services Limited



Namita Tripathi
Company Secretary

Encl: A/a

Financial Result for the year ended March 31, 2019
Balance Sheet as at March 31, 2019

(Rs in million)

		As at March 31, 2019	As at March 31, 2018
	Assets		
1	Financial Assets		
	Cash and cash equivalents	9,649.04	7,990.26
	Bank Balance other than above	0.94	2,500.48
	Derivative financial instruments	60.16	1,520.78
	Receivables	2.73	917.49
	Loans	11,364.26	124,354.59
	Investments	11,586.38	29,703.86
	Other Financial assets	368.32	2,775.46
2	Non-financial Assets		
	Inventories	969.62	942.30
	Current Tax Assets	-	10,051.74
	Deferred Tax Assets	3,994.71	6,059.80
	Investment Property	52.66	78.98
	Property, Plant and Equipment	5.63	6.99
	Capital work-in-progress	7.23	10.65
	Other Intangible Assets	249.97	141.54
	Other non-financial assets		
	Total assets	38,311.65	187,054.92
	Liabilities and Equity		
3	Financial Liabilities		
	Payables	-	-
	(I) Other Payables	-	-
	(i) total outstanding dues of micro enterprises and small enterprises	0.84	-
	(ii) total outstanding dues of micro enterprises other than micro enterprises and small enterprises	204.55	342.34
	Debt securities	42,222.62	40,745.58
	Borrowings	88,663.27	86,288.12
	Deposits	18,076.81	38,735.09
	Subordinated liabilities	16,407.91	14,775.34
	Other financial liabilities	504.92	496.47
4	Non-financial liabilities		
	Current tax liabilities	-	-
	Provisions	54.24	456.59
	Deferred tax liabilities	1.09	-
	Other non-financial liabilities	221.03	493.97
	Total liabilities	166,357.28	182,333.50
5	Equity		
	Equity share capital	2,656.68	2,656.68
	Other equity	(130,702.31)	2,064.74
	Total equity	(128,045.63)	4,721.42
	Total liabilities and equity	38,311.65	187,054.92



IL&FS Financial Services Limited

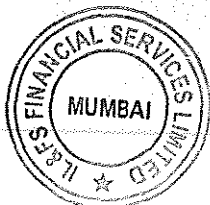
The IL&FS Financial Centre, 3rd Floor, Plot C-22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, INDIA
+91 (22) 2653 3333 | +91 (22) 2653 3149 | www.ilfsifin.com

(CIN U65990MH1995PLC093241)

Financial Result for the year ended March 31, 2019
Statement of Profit and Loss for the year ended March 31, 2019

(Rs in million)

	Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
1	Revenue from operations		
	Interest Income	2,441.38	20,985.69
	Dividend Income	219.87	187.51
	Rental Income	-	5.43
	Fees and commission Income	13.03	12.15
	Project Debt Syndication	58.29	1,498.43
	Corporate Advisory Services	-	160.90
	Total Revenue from operations	2,732.57	22,850.11
2	Other Income	219.22	34.71
3	Total Income (1+2)	2,951.79	22,884.82
4	Expenses		
	Finance Costs	8,926.21	15,064.59
	Net loss on fair value changes	13,807.91	2,818.03
	Impairment on financial instruments	99,621.26	2,239.66
	Employee Benefits Expenses	490.30	791.40
	Depreciation, amortization and impairment	2,169.99	25.27
	Other expenses	628.56	1,106.85
	Total Expenses	125,644.23	22,045.80
5	Profit/(loss) before tax (3-4)	(122,692.44)	839.02
6	Tax Expense:		
	(1) Current Tax	-	1,362.00
	(2) Deferred Tax	10,052.83	(618.14)
		10,052.83	743.86
7	Profit/(loss) for the year (5-6)	(132,745.27)	95.16
8	Other Comprehensive Income		
	A. Items that will not be reclassified to profit or loss		
	Re-measurements of the defined benefit plans;	37.43	(5.19)
	Income tax relating to items that will not be reclassified to profit or loss		
	Subtotal (A)	37.43	(5.19)
	B. Items that will be reclassified to profit or loss		
	Debt Instruments through Other Comprehensive Income;	(59.21)	(61.67)
	The effective portion of gains and loss on hedging instruments in a cash flow hedge;	-	-
	Income tax relating to items that will be reclassified to profit or loss	-	-
	Subtotal (B)	(59.21)	(61.67)
	Other Comprehensive Income (A+B)	(21.78)	(66.86)
9	Total Comprehensive Income for the period (7-8)	(132,767.05)	28.30
	Earnings per equity share		
	Basic (Rs.)	(499.67)	0.36
	Diluted (Rs.)	(499.67)	0.36



Notes to Statement of Standalone Financial Results for the year ended March 31, 2019

- The above financial results of the IL&FS Financial Services Limited ("IFIN" or the "Company") for the year ended March 31, 2019 has been reviewed by the Audit Committee at their meeting held on December 27, 2019 and approved by the Board of Directors at their meeting held on December 27, 2019. The Statutory Auditor of the Company has issued a disclaimer of opinion on these results.
- The Company has adopted Indian Accounting Standards ("Ind AS") notified under the section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). The figures have been presented in accordance with the format prescribed for financial statement for a Non-Banking Finance Company (NBFC).
- (a) Reconciliation of Net Profit for the year ended March 31, 2018 as reported under erstwhile India GAAP and Ind AS are summarized below :

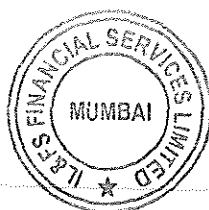
(Rs in million)

	Ind AS Reference No	For the year ended March 31 2018
Comprehensive profit/(loss) as per Indian GAAP		996.60
Adjustment for:		
Impact on Interest income as per EIR Method	Ind AS 101	28.83
Recognition of Finance Cost on Preference Shares thru P&L	Ind AS 109	(284.58)
Fair valuation changes on Investments and Derivatives	Ind AS 109	(849.05)
Expected Credit Loss on Financial Asset at amortised cost	Ind AS 109	(144.46)
Employee Benefits Expenses	Ind AS 19	1.82
Deferred tax impact on the above	Ind AS 12	279.14
		(968.30)
Comprehensive Profit/ (Loss) as per Ind AS		28.30

- (b) Reconciliation of Equity as at March 31, 2018 as reported under erstwhile India GAAP and Ind AS are summarized below :

(Rs in million)

	Ind AS Reference No	As at March 31, 2018
Total equity / shareholders' funds as per Indian GAAP		23,997.49
Adjustment for:		
Reclassification of Preference Shares as Financial Liabilities	Ind AS 32	(2,427.57)
Effective Interest Rate on Financial Liabilities at amortised cost	Ind AS 109	(18.98)
Expected Credit Loss on Financial Asset at amortised cost	Ind AS 109	(21,901.73)
Fair valuation changes on Investments	Ind AS 109	(2,926.55)
Capitalisation of Borrowing Cost on Investment Property	Ind AS 23	666.18
Recognition of Derivatives	Ind AS 109	(322.22)
Reversal of upfront fee on Contract Assets	Ind AS 101	(4.60)
Other Items	Ind AS 115	(64.34)
Deferred Tax impacts on the above items	Ind AS 12	7,723.74
		(19,276.07)
Total equity as per Ind AS		4,721.42



4. Significant developments at IFIN subsequent to the year ended March 31, 2018

The Company reported defaults on its borrowing obligations during the financial year 2018-19. Further, the credit rating of the Company was downgraded to 'D' (lowest grade) in September 2018.

Pursuant to a report filed by the Registrar of Companies, Mumbai ("RoC") under Section 208 of the Companies Act, 2013, the Government of India vide their Order dated September 30, 2018, directed that the affairs of IL&FS be investigated by the Serious Fraud Investigation Office ("SFIO"). SFIO commenced investigation of affairs of IL&FS and its subsidiaries.

The Union of India on October 1, 2018 filed a petition with the National Company Law Tribunal ("NCLT") seeking an order under section 242(2) and section 246 read with section 339 of the Companies Act, 2013 on the basis of the interim reports of the RoC and on the following grounds:

- (I) The precarious and critical financial condition of IL&FS and its group companies and their inability to service their debt obligations had rattled the money market.
- (II) On a careful consideration of the Union of India, it was of the opinion that affairs of IL&FS and its group companies were conducted in a manner contrary to the public interest due to its mis-governance; and
- (III) The intervention of the Union of India is necessary to prevent the downfall of IL&FS and its group companies and the financial markets.

It was felt that the governance and management change is required to bring back the IL&FS Group from financial collapse, which may require, among other things, a change in the existing Board and management and appointment of a new management.

Based on the above petition, the NCLT vide its order dated October 1, 2018 suspended the erstwhile Board of IL&FS and appointed the New Board proposed by the Union of India with six persons namely:

- (I) Mr Uday Kotak
- (II) Mr Vineet Nayyar
- (III) Mr G N Bajpai (up to October 30, 2018)
- (IV) Mr G C Chaturvedi
- (V) Dr Ms Malini Shankar
- (VI) Mr Nand Kishore

The present constitution of the new Board of IL&FS is as follows:

- (I) Mr Uday Kotak, Chairman
- (II) Mr Vineet Nayyar, Vice Chairman (Managing Director till March 31, 2019)
- (III) Mr C S Rajan, Director (Managing Director from April 2, 2019)
- (IV) Mr Bijay Kumar, Deputy Managing Director
- (V) Mr Nand Kishore
- (VI) Dr Ms Malini Shankar
- (VII) Mr N Srinivasan (appointed from January 8th, 2019)
- (VIII) Mr G C Chaturvedi

Consequent to IFIN not being able to meet its financial obligations when they fell due for payment in September, 2018, all the Independent Directors of the Company resigned from their positions between September 17, 2018 and 20th September, 2018. Further, Mr. Ramesh Bawa, Managing Director and CEO of the Company resigned from the services of the Company as of 21st September, 2018.

As Mr. Ramesh Bawa, Managing Director & CEO was on deputation from IL&FS (Holding Company), his remuneration was paid by the Company to the holding Company through a recharge mechanism. Such payments were paid to IL&FS until the month of July, 2018. The remuneration for August 2018 has been paid by IL&FS and the same is shown as payable to IL&FS



In view of supersession of the Board of Directors of IL&FS and its subsidiaries there was no Board of IFIN for the period of September 20, 2018 till October 26, 2018. The Board of Directors of IFIN was reconstituted on the 26th October, 2018 with the following members:

- (I) Mr. Vineet Nayyar
- (II) Mr. C.S. Rajan
- (III) Mr. N. Srinivasan
- (IV) Dr. Ms. Malini Shankar
- (V) Mr. Nand Kishore

Mr Bijay Kumar was appointed as a director of IFIN with effect from December 23, 2018

During the period October 26, 2018 till March 31, 2019, the Company did not have any independent Director on the Board of Directors.

Further applications were made by the Union of India and others, to the NCLT and the National Company Law Appellate Tribunal ("NCLAT") on various matters. The NCLAT, on October 15, 2018, ordered a stay until further orders on the following matters:

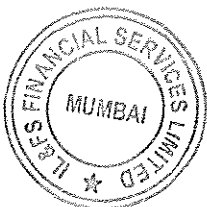
- (I) The institution or continuation of suits or any other proceedings by any party or person or bank or Company against IL&FS and its group companies in any court of law/tribunal/arbitration panel or arbitration authority.
- (II) Any action by any party or person or bank or company etc to foreclose, recover, enforce any security interest created over the assets of IL&FS and its group companies including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002.
- (III) The acceleration, premature, withdrawal, or other withdrawal, invocation of any term loan, corporate loan, bridge loan, commercial paper, debentures, fixed deposits, guarantees, letter of support, commitment or comfort and other financial obligations availed by IL&FS and its group companies whether in respect of principal or interest or hedge liability or any amount contained therein.
- (IV) Suspension of temporarily the acceleration of any term loan, corporate loan, bridge loan, commercial paper, debentures, fixed deposits, and any financial liability taken by IL&FS and its group companies.
- (V) Any and all banks, financial institutions from exercising the right to set off or lien against any amount lying with any creditor against any dues whether principal or interest or otherwise against the balance lying in any the bank accounts and deposits whether current, savings or otherwise of IL&FS and its group companies.

5. Resolution process proposed by new Board of Directors of IL&FS

The New Board of Directors of IL&FS, as part of the resolution process, has submitted several progress reports to the NCLT. This includes framework for a resolution plan and process, steps undertaken for monetization of assets, appointment of consultants, and classification of group entities based on their abilities to meet various financial and operational obligations, measures for cost optimization and protocol for making payments beyond certain limits.

As discussed earlier, the NCLAT had given a moratorium to IL&FS and its group entities and that no creditors can proceed against it except under article 226 of the Constitution.

The resolution plan seeks a fair and transparent resolution while keeping in mind larger public interest, financial stability, various stakeholders' interest, compliance with legal framework and commercial feasibility. It is proposed to have a timely resolution process which in turn mitigate the fallout on the financial markets of the country and restore investor confidence in the financial markets thereby serving larger public interest. IL&FS being a holding company and registered as a Core Investment Company (CIC) with RBI, depends on its group entities to continue operating as a going concern. The resolution plan and processes for various verticals are under way and options of restructuring business, as well as exits are planned. The plan of the management is to sell/exit from assets at the group entity as a going concern.



The New Board of IL&FS is pursuing vertical level, SPV level and asset level resolution plan. The assessment of the New Board of IL&FS, based on analysis of the current position of and challenges facing the IL&FS group, is that an Asset Level Resolution Approach serves the best interest of all stakeholders to achieve final resolution. Further, the stakeholders' interests will be protected adequately since the framework and asset sale will be subject to NCLAT approval. The agreed resolution plan would be made public for the knowledge of all concerned stakeholders through an affidavit filed by the Union of India before Hon'ble NCLAT.

As discussed above, the New Board of IL&FS has submitted five progress reports to the NCLT on the resolution plans and latest of which was submitted on August 09, 2019.

Strategic actions taken include:

- a. Appointing Legal, Transaction and Resolution Advisors
- b. Securing a moratorium order from third party actions
- c. Setting up 'Operating Committee' of senior executives for managing daily operations
- d. Developing solution framework for managing unprecedented group insolvency using an umbrella resolution approach
- e. Active recovery actions on external lending portfolio of IL&FS Financial Services (IFIN)
- f. Working with central and state government authorities to resolve outstanding claims

The entities in the IL&FS group, have been classified into Indian and offshore entities. Further, the Indian IL&FS entities have been classified by an independent third party, into three categories of entities based on a 12-month cash flow based solvency test viz "Green", "Amber" and "Red", indicating their ability to repay both financial and operating creditors, only operating creditors, or only going concern respectively.

Based on this classification of "Green", "Amber" and "Red", the New Board of IL&FS has put in place a payment protocol for the IL&FS group during the resolution process. The classification of the entities, the payment protocol and the resolution framework has been filed with the NCLAT and the NCLAT has directed the appointment of Justice D K Jain (Retd) on the 11th February, 2019 to supervise the resolution process for the IL&FS group.

IFIN has not forwarded any proposal under resolution process to Justice D.K.Jain (Retd) till March 31, 2019

IFIN is classified as a "Red" entity, indicating that it is not able to meet all obligations (financial and operational) including the payment obligations to senior secured financial creditors. Accordingly, the Company is permitted to make only those payments necessary to maintain and preserve the going concern status.

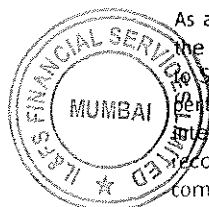
In consideration of the current status of affairs and challenges faced by the company, the company had made an application to Ministry of Corporate Affairs (MCA) requesting for extension of time for convening the Annual General Meeting (AGM). MCA has granted the extension to hold the AGM upto December 31st 2019 vide its letter dated December 17th 2019.

(6) Order of NCLT for reopening and recasting of accounts

The NCLT, vide order dated January 1, 2019, has allowed a petition filed by the Union of India, for reopening of the books of accounts and recasting the accounts under the provisions of Section 130 of the Companies Act, 2013 for the financial years from 2013-14 to 2017-18, of Infrastructure Leasing & Financial Services Limited, and its subsidiaries IL&FS Financial Services Limited ("IFIN") and IL&FS Transportation Networks Limited ("ITNL"). The process of such reopening and recasting of accounts is currently in progress, pending which, it is not possible to determine the consequential effects arising therefrom on the financial statements for FY 2013-14 to 2017-18, including their effects on (a) the business transactions in those financial years; (b) the balance sheets as at March 31, 2017 (being the date of transition of the Company to the requirements of Ind-AS), March 31, 2018 (comparative period end date) and the current year ended March 31, 2019; and (c) the Statement of Profit and Loss for the years ended March 31, 2018 and March 31, 2019. Such reopening and recasting may require the Company to consider restatement of financial statements for the FY 2018-19 also.

(7) Status of New Board of Directors of IL&FS initiated investigations

As a consequence of the matter described in Note 4 above and various other matters discussed in this financial result, the new Board of Directors of IL&FS, in January 2019, have initiated a forensic examination for the period from April 2013 to September 2018, in relation to certain companies of the Group, and has appointed an independent third party for performing the forensic audit and to report their findings to the Board of Directors. The Company has received two interim reports in this matter so far. However, pending completion of such examination, no adjustments have been recorded in the Ind-AS financial statements for any consequential effects / matters that may arise in this regard on completion of such investigations.



(8) Claims management and reconciliation of claims received

Pursuant to the "Third Progress Report – Proposed Resolution Framework for the IL&FS Group" dated December 17, 2018 and the "Addendum to the Third Progress Report – Proposed Resolution Framework for IL&FS Group" dated January 15, 2019 ("Resolution Framework Report") submitted by IL&FS to the Ministry of Corporate Affairs, Government of India which, in turn, was filed with the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), the creditors of the Company were invited (via advertisement(s) dated May 22, 2019) to submit their claims as at October 15, 2018 with proof, on or before 5 June, 2019 (subsequently extended till September 22, 2019) to a Claims Management Advisor ("CMA") appointed by the IL&FS group. The amounts claimed by the financial and operational creditors are assessed for admission by the CMA.

The CMA have submitted their report dated December 17, 2019 on the status of the claims received and its admission status, indicating a total value of claims received and admitted of Rs 163,968.60 million in respect of the Company as at October 15, 2018. The report is subject to update based on additional information / clarification that may be received from the creditors in due course.

Management of the Company is in the process of reviewing such claims, and reconciliation of such claims with the corresponding amounts as per the Company's books of account as on that date (as at March 31, 2019, the Company has liabilities and provisions aggregating Rs 166,357.28 million). Having regard to the nature, volume and value of claims received, management is of the view that due process will need to be applied to all such claims, in order to finally determine the level of present and possible obligations that would need to be recognised by the Company as liabilities. Accordingly, no adjustments have currently been made in this regard to the financial statements, and all such claims received have been disclosed as part of contingent liabilities.

(9) Assessment of various legal cases, suits, etc.

As a result of the events up to September 30, 2018, as more fully described in Note 4, there have been various legal cases and suits filed against the Company following the default of borrowings made by the Company, as described in that note. Further, the Company is undergoing a resolution process (refer Note 5) under the order of the National Company Law Tribunal ("NCLT"), pending which the management is in the process of making assessments and determinations as to liabilities, provisions and contingent liabilities, as per Ind-AS 37, *Provisions, Contingent Liabilities and Contingent Assets*. Pending final outcome of such process, no adjustments have been made to the financial statements in this regard.

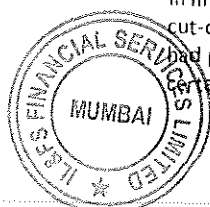
(10) Impairment of loans, receivables and investments to / from / in group companies

As a result of the various events during the financial year 2018-19 which are more fully discussed in Note 4 of this financial result, there is significant uncertainty around the recoverable amounts and valuations, and related provisions for impairment, of the various loans given to, receivables from, and investments in, group companies. All group companies in India have been classified as "Red", "Amber" or "Green" categories, based on various factors more fully discussed in note 5 to this financial result.

Management has, in consultation with the Board of Directors of the Company, assessed and determined that the amounts of investments in and loans to group entities classified as "Red" and "Amber" are not wholly recoverable. Management's approach in this regard does not consider the requirements of the relevant Ind-AS standards in entirety as the Company does not presently have the necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans and receivables. On this basis, impairment has been recognised in respect of the balance of loans, receivables, investments and other financial assets, aggregating Rs 47,987.34 million, Rs 798.21 million, Rs 2,528.30 million and Rs 4,051.96 million respectively, and recorded net loss on fair value changes of Rs 2,837.64 million on financial assets measured at fair value through profit or loss, arising from transactions up to September 30, 2018, except in respect of certain entities where security is available, and management expects realization of those securities. In the view of the Company, the impairment provision made is prudent and represents the economic substance of the amounts recoverable as of March 31, 2019.

(11) Accounting for contractual interest income in respect of loans to group companies and finance costs on borrowings

In line with the affidavit filed by the Ministry of Corporate Affairs ("MCA") with the Hon'ble NCLAT on May 21, 2019, the cut-off date of October 15, 2018 ("Cut-Off Date") was proposed, on account of inter alia the fact that the Hon'ble NCLAT had passed the Order on October 15, 2018, which inter alia granted certain reliefs to the IL&FS group and also restricted certain coercive actions by the creditors of the IL&FS group.



In terms of the Resolution Framework Reports, the proposal is made that all liabilities relating to the relevant IL&FS Group Entity, whether financial (including interest, default interest, indemnity claims and additional charges), operational debt (including interest, indemnity or other claims) as well as statutory claims (including tax, employment and labour related claims), whether existing at or relating to a period after October 15, 2018 (the Cut-Off Date, as explained in the previous paragraph) should not continue accruing. The NCLAT is yet to issue an order on this matter.

Accordingly, management has:

- (a) Recognised interest income excluding penal interest and delayed payment interest for the year on loans made, to group companies only for the period up to October 15, 2018. No such income has been recognised for the period from October 16, 2018 to March 31, 2019, which approximates Rs 3,543.24 million on a gross basis.
- (b) Recognised finance costs on borrowings (including from third parties) for the year, only for the period up to October 15, 2018. No such finance costs has been recognised for the period from October 16, 2018 to March 31, 2019, which approximates Rs 6,566.82 million.
- (c) The lenders have shown in the statements and documents sent by them the finance cost and interest charges for the period of 1st October 2018 to 31st March 2019 amount of Rs. 3879.41 million. The Company has not accepted these charges based on the legal advice.

The amounts mentioned in (a) and (b) above are based on contractually agreed terms, and exclude penal / other interest and charges. Further, the above (a) and (b) are not applied to entities classified as "Green" category (refer Note 5), i.e., entities which are in a position to honor their respective financial and operational liabilities. The above basis of accounting is on the basis of the proposal made by IL&FS with NCLT.

(12) Inter-company confirmations and reconciliations

The Company is in the process of performing and completing the confirmation and reconciliation of inter-company balances with various subsidiaries, associates, joint ventures of the Company. Further, audited financial statements of several subsidiaries and associates of the Company for the year ended March 31, 2019, are not available. Pending completion of such reconciliation and confirmation, the management has not made any adjustments that may be required to these financial statements.

The Company had placed a fixed deposit with IndusInd Bank amounting to Rs 2,500 million which was scheduled for maturity in September'2018. On September 24, 2018 IndusInd Bank had set off the above fixed deposit along with accrued interest aggregating to Rs 2,513 million towards the obligation payable by IL&FS Transportation Networks Limited (ITNL) to IndusInd Bank. Pursuant to the above set off the Company has reclassified the above amount as receivable from ITNL instead of Bank Balance. The Company is following up with ITNL for documentation of the above set off and transfer of receivable in the name of ITNL, pending formal documentation and keeping in view classification of ITNL as "Red Entity", the Company has made full provision on the above receivable

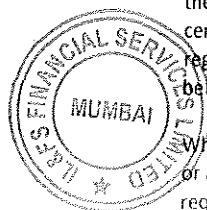
(13) Non-presentation of results for the half-year ended March 31, 2019

Consequent to the matter discussed in Note 4, the Company has substantially curtailed its normal business operations, and is currently engaged in the various actions described more fully in the note 5. As a result, and further to the matter stated in Note 5, the Company is in the process of resolving various matters described in these Notes. Accordingly, the Company has not submitted its half-yearly unaudited results in terms of the requirements of Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"). Further the Statement does not include financial results for the six-month ended March 31, 2019 and related comparatives for the six-months ended March 31, 2018.

(14) Non-compliance with laws and regulations

As a consequence of the matter described in Note 4 above and various other matters discussed in this financial result, the Company is not in compliance with certain provisions / requirements of applicable laws and regulations. These include certain requirements of Companies Act, 2013, listing agreement entered into with the stock exchange, and certain regulations of the Reserve Bank of India as applicable to the Company including the matter discussed in note 15 and 16 below.

Where the management has identified any non-compliance subsequent to September 30, 2018, these have been reported or are in the process of being reported to the relevant regulator, and the Company intends to comply with the necessary requirements or further directions at the earliest.



Management is in the process of evaluating the financial and other consequences arising from such non-compliance and of making a comprehensive assessment of other non-compliances, to determine their financial, operating or other consequences, pending which, no adjustments have been made in the financial statements.

(15) Reserve Bank of India's inspection of March 31, 2018

The Reserve Bank of India ("RBI") has carried out an inspection of Company under Section 45 IA / 45N of the Reserve Bank of India Act, 1934 with reference to its financial position as on March 31, 2018. The RBI has observed wide divergences in reported net-worth and the net-worth assessed by the RBI, non- performing assets and cases of fraud. The company has made additional impairment provision's on loans and investments specified by RBI in their inspection report dated March 22, 2019 except in case of loan advanced to one party with net carrying value of Rs. 67.50 mn as on March 31, 2019 and investment in a Property to the tune of Rs. 3,765. 17 mn net carrying value as on March 31, 2019 as the management believes that the amount is recoverable / realizable.

(16) Investigations by SFIO and other regulatory agencies

The MCA, Government of India, has vide its letter dated October 1, 2018 initiated investigation by the SFIO against IL&FS and its group companies under Section 212 (1) of the Companies Act, 2013. As a part of its investigation, SFIO has been seeking information from the Company on an ongoing basis. The investigation is in progress and the Company is fully cooperating with the investigating agencies. Further, various other regulatory and law enforcement agencies including the Enforcement Directorate (ED) have initiated investigations against the Company.

SFIO and Enforcement Directorate have served their reports to the company. The implications if any, arising from aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage.

(17) Going concern assumption used for the preparation of the financial statements

The Company and the IL&FS group in general are undergoing substantial financial stress as at March 31, 2019. The Company has incurred a loss (including other comprehensive income) of Rs 1,32,767.05 million for the year ended March 31, 2019 and has net liabilities of Rs 1,66,357.28 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings during the year, in September 2018, and was reduced to 'default grade' subsequent to the defaults in repayment of loans taken by the Company details of which are discussed in Note of the financial statement. Further, the Company has, as at March 31, 2019, breached its conditions for holding a Certificate of Registration as a Non-Banking Finance Company (NBFC), issued by the Reserve Bank of India. As a result of the foregoing, the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed.

As indicated in Note 5, there has been a resolution process run by the IL&FS Board of Directors. The resolution plan seeks a transparent resolution keeping in mind larger public interest, financial stability, legality, various stakeholders' interest and commercial feasibility. The resolution plan of management includes sale of entities / assets wherever possible and the Company is taking active steps to monetize its assets and is in discussions with multiple parties to sell its assets. The Company is committed to taking necessary steps to meet its financial commitments to the extent possible.

During the year, IL&FS has also engaged an independent third party as resolution advisors, to assess the liquidity at the company and at various group companies in India. As a result, the companies in the IL&FS group have been classified into three categories as more fully discussed and disclosed in Note 5 of this financial result. These classifications reflect the ability of the companies to pay their financial and operations creditors from their operations in normal course of business, and are subject to periodic assessment and review by the management and the Board and with the results being submitted to the National Company Law Tribunal, the last of which have been submitted on August 9, 2019.

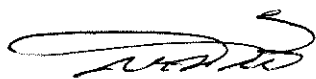
The ability of the Company to continue as a going concern is predicated upon its ability to monetize its assets, and restructure / settle its liabilities. In view of actions that are currently underway, the accompanying financial result have been prepared on going concern basis based on cumulative impact of certain steps taken by the New Board of IL&FS.



(18) **Segment**

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 based on the reporting to key managerial persons (KMPs)

For and on behalf of the Board



C. S. Rajan
Director
(DIN 00126063)



Dr. Mani Shankar
Director
(DIN 01602529)



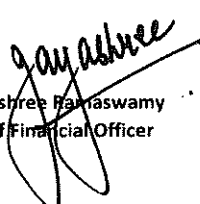
Mand Kishore
Director
(DIN 08267502)



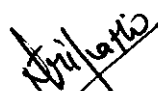
N. Srinivasan
Director
(DIN 00123338)



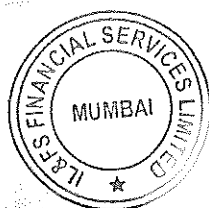
Kanchik Modak
Chief Executive Officer
Mumbai, December 27, 2019



Jayashree Ramaswamy
Chief Financial Officer



Namita Tripathi
Company Secretary



Independent Auditors Report on the Standalone Financial Results pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Board of Directors

IL&FS Financial Services Limited

1. We were engaged to audit the Statement of Standalone Financial Results of IL&FS Financial Services Limited ('the Company') for the year ended March 31, 2019 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('the Regulation'), read with SEBI Circular No. CIR/IMD/DF1/69/2016 dated August 10, 2016 ('the Circular'). This Statement has been compiled on the basis of the related Standalone Ind AS financial statements for year ended March 31, 2019, which is the responsibility of the Company's management and has been approved by the Board of Directors, on which we have issued a disclaimer of opinion.
2. Our responsibility was to conduct an audit of the Statement in accordance with Standards on Auditing and issue an auditor's report. However, because of the significance of the matters described in paragraph 3 under the Basis for Disclaimer of Opinion section below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for opinion on the Statement.

Basis for Disclaimer of Opinion

3. As given in Note 6 of the Statement, on January 1, 2019, the Company, its Holding Company (Infrastructure Leasing & Financial Services Limited) and its fellow subsidiary (IL&FS Transportation Networks Limited) received orders from the National Company Law Tribunal for the reopening and recasting of their accounts in respect of financial years 2013-14 to 2017-18, under Section 130 of the Companies Act 2013. Such process of reopening and recasting of prior years' accounts is currently in progress.

The Board of Directors of the Company have stated that Standalone Ind AS financial statements for the year ended March 31, 2019 may undergo a change consequent to the reopening and recasting of accounts in respect of prior years'. In view of the ongoing reopening and recasting of the Standalone Ind AS financial statements of prior years and also considering the significance of specific transactions / matters described herein below, we are unable to determine the consequential impact of the proposed revision and the impact of specific transactions / matters on the accompanying Statement. Such specific transactions / matters include:

mm

**MUKUND
M. CHITALE
& CO.**

**CHARTERED
ACCOUNTANTS**

- 3.1 We draw your attention to Note 7 of the Statement which describes that a third-party forensic examination of various matters for the period April 2013 to September 2018 has been initiated by the Board of Directors of the Company, which is currently ongoing.
- 3.2 We draw your attention to Note 8 of the Statement which describes that the management is in the process of reconciling claims received with its books of account.
- 3.3 We draw your attention to Note 9 of the Statement which states that the management is in the process of assessment and determination of the financial and other consequences of the litigations stated in the said note, pending which no adjustments have been made to the Statement in this regard.
- 3.4 We draw your attention to Note 10 of the Statement which describes that as at March 31, 2019, in respect of transactions with Group companies the Company has made provisions of Rs.47,987.34 million, Rs.798.21 million, Rs.2,528.30 million and Rs.4,051.96 million respectively towards impairment provisions for loans given, receivables from, impairment of investments and other financial assets and recorded net loss on fair value changes of Rs.2,837.64 million on other financial assets measured at fair value through profit and loss. The Company does not currently have the necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans receivables, and other financial assets and accordingly, management has recorded full provision for the balances indicated in that note, which does not consider the requirements of the relevant Ind-AS standards in entirety.
- 3.5 We draw your attention to Note 11 of the Statement which describes the reasons, the Company has not accounted for contractual interest income from its subsidiaries and associates (of Rs.3,543.24 million on a gross basis) and contractually payable finance costs on borrowings (of Rs 6,566.82 million, excluding penal / other interest and charges), for the period from October 16, 2018 to March 31, 2019. In our opinion, the Company may be required to account for such interest income and interest expenses, and the related assets and liabilities as at March 31, 2019 subject to accounting principles and legal position.
- 3.6 We draw your attention to Note 12 of the Statement which describes that pending completion of audit of financial statements of various subsidiaries and associates as at and for the year ended March 31, 2019, and/or the related completion of the inter-company balances reconciliation process, we are unable to comment on the adjustments that may be required and any consequential effects on the Statement.

nm

3.7 We have not received sufficient and appropriate audit evidence as follows:

- a) Unreconciled differences in bank reconciliation statements/other borrowings including direct debits by banks aggregating Rs.3,879.41 million, which in management's view is primarily arising out of claims for penal interest, which are being disputed by the Company in the process of being reconciled by the Company - Refer Note 11 (c) of Statement.
- b) We have sent independent balance confirmation to certain parties for loans and receivables and other payables selected on sample basis. We have not received responses to our request for such loans and receivables of Rs.26,833.18 million (gross), and other payables of Rs.12.22 million.

In the absence of sufficient and appropriate evidence in relation to the unconfirmed balances and in view of proposed restatement of prior years, we are unable to determine whether any adjustments are required to the said balances as on March 31, 2019 and related disclosures in the Statement.

3.8 We draw your attention to Note 14 of the Statement which describes that the Company is not in compliance with certain requirements/provisions of applicable laws and regulations as more fully discussed in that note. Pending final determination by management of the financial and other consequences arising from such non-compliances, no adjustments have been made to the Statement.

3.9 We draw your attention to Note 16 of the Statement which describes that there are ongoing investigations by various regulatory authorities and agencies on the Company.

3.10 Material Uncertainty related to Going Concern –

We draw your attention to Note 17 of the Statement which describes that the Company has incurred a loss (including other comprehensive income) of Rs.1,32,767.05 million for the year ended March 31, 2019 and has net liabilities of Rs.1,66,357.28 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings since September 2018, as a result of which the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed. Further, the Company has breached its conditions for holding a Certificate of Registration as a Non-Banking Finance Company (NBFC), issued by the Reserve Bank of India. These conditions, along with other matters set forth in that Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a Going Concern and accordingly, we are unable to comment on whether the Company will be able to continue as Going Concern

3.11 We draw your attention to Note 13, the Company has not presented the information for the six months ended March 31, 2019 and related comparatives for the six months ended March 31, 2018 as required by Regulation 52 read with the Circular.

MU

The matter in para 3 above, including paras 3.1 to 3.11 should be read with Note 4 to the accompanying Standalone Ind AS financial results which discusses certain key events of the year including reconstitution of the Board of Directors of the Company effective October 01, 2018 and Note 5 to the accompanying Standalone Ind AS financial results regarding the resolution process followed by the Board of Directors in relation to the Company's operations, as well as the relevant notes referred to hereinabove

Disclaimer of Opinion

4. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our Report as above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion as to whether the Statement:
 - i. is presented in accordance with the requirements of the Regulation, read with the Circular; and
 - ii. gives a true and fair view of the net loss including the other comprehensive income and other financial information of the Company for the year ended March 31, 2019.
5. The Comparative financial information of the Company for the year ended March 31, 2018 included in the Statement, are based on the previously issued Standalone Financial results prepared in accordance with the recognition and measurement principles of the Accounting Standards specified under section 133 of the Companies Act, 2013, which were audited by predecessor Joint Auditors who have expressed an unmodified opinion dated May 28, 2018 read with the relevant rules issued thereunder and other accounting principles generally accepted in India, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS. In view of the matters reported in the Basis for Disclaimer of Opinion section above, we are unable to comment on the correctness of the Ind AS adjustments made to the comparatives presented under Ind AS accounting principles for the corresponding figures for the year ended March 31, 2018.

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W



M. M. Chitale
Partner
M. No. 14054

UDIN: 19014054AAAAAU8755

Place: Mumbai

Date: December 27, 2019

ANNEXURE A

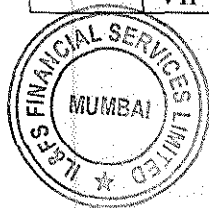
Sr No	Name of the series under which NCDs are held	ISIN No	Previous due date for payment of interest / redemption*	Whether the previous interest payment / redemption has been made or not	Next Due date for payment of interest**	Amount of interest payable ¹ (₹ in lakhs)	Next due date for payment of principal**	Redemption Amount (₹ in lakhs)
(1)	IFIN – 2011 Series I	INE121H08016	December 28, 2018	Unpaid	December 30, 2019	2071	December 28, 2021	20,000.00
(2)	IFIN – 2011 Series II	INE121H08024	March 22, 2019	Unpaid	March 23, 2020	2066	March 22, 2022	20,000.00
(3)	IFIN – 2012 Series I	INE121H08032	June 29, 2018	Paid	June 29, 2019	2030	June 29, 2022	20,000.00
(6)	IFIN – 2012 Series IV	INE121H07885	September 28, 2018	Unpaid	September 30, 2019	480	September 28, 2022	5000.00
(7)	IFIN – 2012 Series V	INE121H08057	November 27, 2018	Unpaid	November 27, 2019	955	November 27, 2022	10,000.00
(9)	IFIN – 2012 Series VII	INE121H08065	February 28, 2019	Unpaid	February 28, 2020	955	February 28, 2023	10,000.00
(10)	IFIN – 2013 Series I	INE121H07935	September 17, 2018	Unpaid	NA	1832	NA	17,500.00
(11)	IFIN – 2013 Series II	INE121H07950	August 28, 2018	Paid#	NA	NA	NA	5,000.00
(12)	IFIN – 2013 Series VI	INE121H07992	January 28, 2019	Unpaid	NA	1061	NA	10,750
(13)	IFIN – 2014 Series I	INE121H07AB6	July 03, 2018	Paid	July 03, 2019	2404	July 03, 2019	25,300.00
		INE121H07AC4	July 03, 2018	Paid	July 03, 2019	447	July 03, 2024	4,700.00



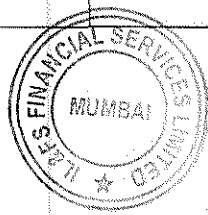
Sr No	Name of the series under which NCDs are held	ISIN No	Previous due date for payment of interest / redemption*	Whether the previous interest payment / redemption has been made or not	Next Due date for payment of interest**	Amount of interest payable (₹ in lakhs)	Next due date for payment of principal**	Redemption Amount (₹ in lakhs)
(14)	IFIN – 2014 Series II	INE121H07AD2	August 28, 2018	Paid	August 28, 2019	358	August 28, 2019	3,725
		INE121H07AE0	August 28, 2018	Paid	August 28, 2019	57	August 28, 2024	600.00
(15)	IFIN – 2014 Series III	INE121H07AH3	September 18, 2018	Unpaid	September 18, 2019	1930	September 18, 2019	20,000.00
(16)	IFIN – 2015 Series I	INE121H07AI1	September 30, 2018	Unpaid	NA	1291	NA	15,000.00
(17)	IFIN – 2016 Series I	INE121H08073	January 29, 2019	Unpaid	January 27, 2020	310	January 27, 2026	3,500.00
(18)	IFIN – 2016 Series II	INE121H07AL5	March 21, 2019	Unpaid	NA	328	NA	3,700.00
		INE121H07AM3	March 21, 2019	Unpaid	March 21, 2020	160	March 21, 2021	1,800.00
(19)	IFIN – 2016 Series III	INE121H08081	March 22, 2019	Unpaid	March 23, 2020	589	March 22, 2026	6,500.00
(20)	IFIN – 2016 Series IV	INE121H07AN1	NA	NA	May 15, 2019	1537	May 15, 2019	5,000
(21)	IFIN – 2016 Series V	INE121H07AO9	March 28, 2019	Unpaid	NA	222	NA	2,500.00
		INE121H07AP6	March 28, 2019	Unpaid	March 30, 2020	805	March 28, 2021	9,000.00
		INE121H07AQ4	March 28, 2019	Unpaid	March 30, 2020	519	March 28, 2023	5,800.00
		INE121H07AR2	March 28, 2019	Unpaid	March 30, 2020	454	March 28, 2026	5,100.00



Sr No	Name of the series under which NCDs are held	ISIN No	Previous due date for payment of interest / redemption*	Whether the previous interest payment / redemption has been made or not	Next Due date for payment of interest**	Amount of interest payable (₹ in lakhs)	Next due date for payment of principal**	Redemption Amount (₹ in lakhs)
(22)	IFIN – 2016 Series VI	INE121H07AS0	April 1, 2019	Unpaid	March 31, 2020	44	March 31, 2021	500.00
		INE121H07AT8	April 1, 2019	Unpaid	March 31, 2020	618	March 31, 2026	7,000.00
(23)	IFIN – 2017 Series I	INE121H07AV4	December 03, 2018	Unpaid	NA	65	NA	1,500.00
		INE121H07AW2	June 4, 2018	Paid	June 03, 2019	131	June 03, 2019	1,500.00
		INE121H07AX0	June 4, 2018	Paid	June 03, 2019	480	June 03, 2021	5,500.00
(24)	IFIN – 2017 Series II	INE121H07BA6	June 11, 2018	Paid	June 10, 2019	436	June 09, 2021	5,000.00
(25)	IFIN – 2017 Series III	INE121H07BC2	June 14, 2018	Paid	June 14, 2019	44	June 14, 2019	500.00
		INE121H07BD0	June 14, 2018	Paid	June 14, 2019	254	June 14, 2021	2,900.00
		INE121H07BE8	June 14, 2018	Paid	June 14, 2019	096	June 14, 2023	1,100.00
(26)	IFIN – 2017 Series IV	INE121H07BF5	June 21, 2018	Paid	June 21, 2019	878	June 21, 2021	10,000.00
		INE121H07BG3	June 21, 2018	Paid	June 21, 2019	264	June 21, 2023	3,000.00
(27)	IFIN – 2017 Series V	INE121H07BH1	June 27, 2018	Paid # (Zero Coupon)	NA	NA	NA	8,889
(28)	IFIN – 2017 Series VI	INE121H07BI9	June 28, 2018	Paid	June 28, 2019	220	June 28, 2021	2,500.00
(29)	IFIN – 2017 Series VII	INE121H07BK5	July 18, 2018	Paid	July 18, 2019	649	July 18, 2021	7,500.00



Sr No	Name of the series under which NCDs are held	ISIN No	Previous due date for payment of interest / redemption*	Whether the previous interest payment / redemption has been made or not	Next Due date for payment of interest**	Amount of interest payable (₹ in lakhs)	Next due date for payment of principal**	Redemption Amount (₹ in lakhs)
(30)	IFIN – 2017 Series VIII	INE121H07BL3	August 1, 2018	Paid	August 1, 2019	890	August 1, 2021	2,500.00
		INE121H07BM1	August 1, 2018	Paid	August 1, 2019	219	August 1, 2026	10,000.00
(31)	IFIN – 2017 Series IX	INE121H07BN9	August 6, 2018	Paid	August 5, 2019	858	August 5, 2021	10,000.00
(32)	IFIN – 2017 Series X	INE121H07BO7	August 9, 2018	Paid	August 8, 2019	852	November 8, 2019	10,000.00
(33)	IFIN – 2017 Series XI	INE121H07BP4	August 16, 2018	Paid	August 16, 2019	525	August 16, 2026	6,000.00
(34)	IFIN – 2017 Series XII	INE121H07BQ2	September 12, 2018	Paid	September 12, 2019	851	September 12, 2026	10,000.00
(35)	IFIN – 2017 Series XIII	INE121H08099	September 29, 2018	Unpaid	September 30, 2019	871	September 29, 2026	10,000.00
(36)	IFIN – 2017 Series XIV	INE121H07BR0	September 28, 2018	Unpaid	September 30, 2019	827	September 28, 2021	10,000.00
(37)	IFIN – 2017 Series XV	INE121H07BS8	October 01, 2018	Unpaid	September 30, 2019	297	September 30, 2026	3,500.00
(38)	IFIN – 2017 Series XVI	INE121H08107	December 6, 2018	Unpaid	December 6, 2019	1298	June 6, 2021 & June 6, 2022	15,000.00
		INE121H08115	December 6, 2018	Unpaid	December 6, 2019	2595	December 6, 2021,	30,000.00
		INE121H08123	December 6, 2018	Unpaid	December 6, 2019	868	December 6, 2023	10,000.00
		INE121H08131	December 6, 2018	Unpaid	December 6, 2019	434	December 6, 2026	5,000.00
(39)	IFIN – 2017 Series XVII	INE121H07BT6	February 20, 2019	Unpaid	February 20, 2020	425	February 20, 2027	5,000.00
(40)	IFIN – 2018 Series I	INE121H07BU4	April 5, 2019	Unpaid	April 5, 2020	823	April 5, 2027	10,000.00



Sr No	Name of the series under which NCDs are held	ISIN No	Previous due date for payment of interest / redemption*	Whether the previous interest payment / redemption has been made or not	Next Due date for payment of interest**	Amount of interest payable (₹ in lakhs)	Next due date for payment of principal**	Redemption Amount (₹ in lakhs)
(41)	IFIN – 2018 Series II	INE121H07BV2	June 22, 2018	Paid	June 24, 2019	804	June 22, 2024	10,000.00
(42)	IFIN – 2018 Series III	INE121H07BW0	July 25, 2018	Paid	July 25, 2019	400	July 25, 2022	5,000.00
(43)	IFIN – 2018 Series IV	INE121H07BX8	August 1, 2018	Paid	August 1, 2019	310	August 1, 2022	4,000.00
(44)	IFIN – 2018 Series V	INE121H07BZ3	September 1, 2018	Paid	September 3, 2019	779	September 1, 2022	10,000.00
(45)	IFIN – 2018 Series VI	INE121H07BY6	September 1, 2018	Paid	September 3, 2019	667	September 1, 2024	8,500.00
(46)	IFIN – 2018 Series VII	INE121H08149	December 29, 2018	Unpaid	December 30, 2019	882	Perpetual	10,000.00
(47)	IFIN – 2018 Series VIII	INE121H08156	March 22, 2019	Unpaid	March 23, 2020	902	Perpetual	10,000.00
(48)	IFIN – 2018 Series IX	INE121H07CA4	March 28, 2019	Unpaid	March 30, 2020	1760	March 28, 2023	20,000.00
(49)	IFIN – 2019 Series I	INE121H07CB2	NA	-	April 16, 2019	870	April 16, 2025	10,000.00
(50)	IFIN – 2019 Series II	INE121H08164	NA	-	April 23, 2019	890	April 23, 2028	10,000.00
(51)	IFIN – 2019 Series III	INE121H07CC0	NA	-	May 3, 2019	870	May 3, 2025	10,000.00
(52)	IFIN – 2019 Series IV	INE121H07CD8	NA	-	July 4, 2019	465	July 4, 2023	5,000.00

* Payment convention with respect to previous Interest Payment dates / Redemption dates, as per the respective Issue Memorandum and the applicable regulations from time to time, has been followed

** Payment convention with respect to next Interest Payment dates / Redemption dates, as per the respective Issue Memorandum and the applicable regulations from time to time, would be followed

Redeemed during year ended March 31, 2019

¹ The interest amount may vary based on tax implications, if any at the time of payment



ANNEXURE B

Sr No	Name of the series	ISIN No	Previous due date for payment of dividend	Whether the previous dividend payment has been paid or not	Next Due date for payment of dividend and amount	Next due date for payment of principal	Redemption Amount (₹ in crs)
(1)	NCRCPS 2016 Series	INE121H04015	July 31, 2019	Unpaid	July 31, 2020	March 30, 2021	249.99*

* The aforesaid redemption amount excludes any Dividend accrued but not paid on any previous Dividend Payment Date(s), Dividend accrued up to the Redemption Date, Additional Dividend as applicable for Category-II Investors and penal dividend as per clauses titled "Delay/ Default in payment of Dividend Amount" and "Delay/ default in payment of Redemption Amount"



December 27, 2019

The Secretary,
Listing Department (Debt Listing)
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Re: Company Code: 10191

Name of the Company: IL&FS Financial Services Limited

Sub: Declaration with respect to Audit Report with modified Opinion on the Audited Financial Statements for the Financial Year ended March 31, 2019

Dear Sir/Madam,

As required under Regulation 52 (3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we hereby declare and confirm that the Statutory Auditors of the Company have issued a Modified Audit Report for the Financial Statement of the Company for the Financial Year ended March 31, 2019. Copy of the Statement on Impact of Audit Qualification is enclosed.

Thanking You,

For IL&FS Financial Services Limited



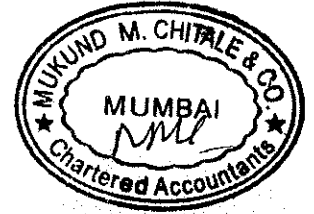
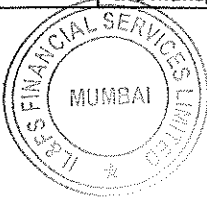
Jayashree Ramaswamy
Chief Financial Officer

IL&FS Financial Services Limited

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019
[See Regulation 33/52 of the SEBI (LOOR) (Amendment) Regulations, 2016]

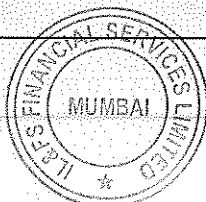
(Rs. million)

Sr.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1	Turnover / Total income	2,732.57	Not Determinable
2	Total Expenditure	125,644.23	
3	Net Profit / (Loss)	(122,692.44)	
4	Earnings Per Share	(499.67)	
5	Total Assets	38,311.65	
6	Total Liabilities	166,357.28	
7	Net Worth	(128,045.63)	
8	Any other financial item(s) (as felt appropriate by the management)	None	

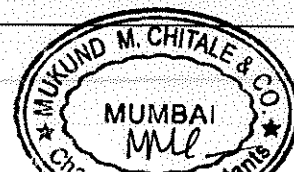
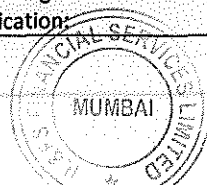


II Audit qualifications (each audit qualification separately) :

1	Details of Audit qualifications	<p>Note 6 to the accompanying standalone Ind-AS financial results, the Company, its Holding Company (Infrastructure Leasing & Financial Services Limited) and its fellow subsidiary (IL&FS Transportation Networks Limited) received orders from the National Company Law Tribunal for the reopening and recasting of their accounts in respect of financial years 2013-14 to 2017-18, under Section 130 of the Companies Act 2013. Such process of reopening and recasting of prior years' accounts is currently in progress.</p> <p>Note 7 to the accompanying standalone Ind-AS financial results, which describes that a third-party forensic examination of various matters for the period April 2013 to September 2018 has been initiated by the Board of Directors of the Company, which is currently ongoing.</p> <p>Note 8 to the accompanying standalone Ind-AS financial results, which describes that the management is in the process of reconciling claims received with its books of account.</p> <p>Note 9 to the accompanying standalone Ind-AS financial results, which states that the management is in the process of assessment and determination of the financial and other consequences of the litigations stated in the said note, pending which no adjustments have been made to the Standalone Ind AS financial Statements in this regard.</p> <p>Note 10 to the accompanying standalone Ind-AS financial results, which describes that as at March 31, 2019, the Company has made provisions of Rs. 47,987.34 million, Rs. 798.21 million, Rs. 2,528.30 million and Rs. 4,051.96 million respectively towards impairment provisions for loans given, receivables from, impairment of investments and other financial assets and recorded net loss on fair value changes of Rs. 2,837.64 million on other financial assets measured at fair value through profit and loss. The Company does not currently have the necessary and/or complete information to support cash flow based tests over its investments, and assumptions for certain aspects of the expected credit loss model in respect of loans receivables, and other financial assets and accordingly, management has recorded full provision for the balances indicated in that note, which does not consider the requirements of the relevant Ind-AS standards in entirety.</p> <p>Note 11 to the accompanying standalone Ind-AS financial results, which describes the reasons, the Company has not accounted for contractual interest income from its subsidiaries and associates (of Rs. 3,543.24 million on a gross basis) and contractually payable finance costs on borrowings (of Rs. 6,566.82 million, excluding penal / other interest and charges), for the period from October 16, 2018 to March 31, 2019. In our opinion, the Company may be required to account for such interest income and interest expenses, and the related assets and liabilities as at March 31, 2019 subject to accounting principles and legal position.</p>
---	---------------------------------	---

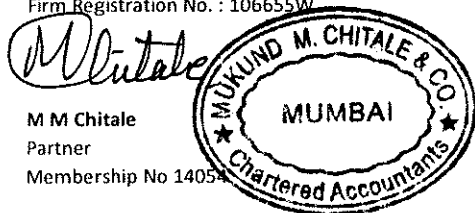


		<p>Note 12 to the accompanying standalone Ind-AS financial results, which describes that pending completion of audit of financial statements of various subsidiaries and associates as at and for the year ended March 31, 2019, and/or the related completion of the inter-company balances reconciliation process, we are unable to comment on the adjustments that may be required and any consequential effects on the Standalone Ind AS Financial results.</p> <p>Note 13 to the accompanying standalone Ind-AS financial results, which described that the Company does not have information for certain disclosures including, but not limited to, those required by Schedule III of the Companies Act, 2013 ("the Act"), Ind AS, and certain regulations of the Reserve Bank of India and related rules, as and for the reasons mentioned in Note 13 accompanying Standalone Ind AS financial results.</p> <p>Note 14 to the accompanying standalone Ind-AS financial results, which describes that the Company is not in compliance with certain requirements/provisions of applicable laws and regulations as more fully discussed in that note. Pending final determination by management of the financial and other consequences arising from such non-compliances, no adjustments have been made to the Standalone Ind AS Financial results.</p> <p>Note 16 to the accompanying standalone Ind-AS financial results, which describes that there are ongoing investigations by various regulatory authorities and agencies on the Company.</p> <p>We refer to Note 17 to the accompanying standalone Ind-AS financial results, which describes that the Company has incurred a loss (including other comprehensive income) of Rs. 1,32,767.05 million for the year ended March 31, 2019 and has net liabilities of Rs. 1,66,357.28 million as at March 31, 2019. The Company has also suffered consistent downgrades in its credit ratings since September 2018, as a result of which the Company's ability to raise funds has been substantially impaired, with normal business operations being substantially curtailed. Further, the Company has breached its conditions for holding a Certificate of Registration as a Non-Banking Finance Company (NBFC), issued by the Reserve Bank of India. These conditions, along with other matters set forth in that Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a Going Concern and accordingly, we are unable to comment on whether the Company will be able to continue as Going Concern.</p>
2	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Disclaimer of opinion
3	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First time
4	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
5	For Audit Qualification (s) where the impact is not quantified by the auditor:	Non determinable
	(i) Management's estimation on the impact of audit qualification:	



6	(ii) If management is unable to estimate the impact, reasons for the same:	Non determinable
7	Auditors' Comments on (i) or (ii) above:	Our view remains unchanged considering the matters referred to in paragraph 3 (incl. 3.1 to 3.11) in our audit report.

As per our report on even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No. : 106655W



M M Chitale
Partner
Membership No 14054

Mumbai, December 27, 2019

For and on behalf of the Board

C. S. Rajan
Director
(DIN 00126063)

Dr. Malini Shankar
Director
(DIN 01602529)

Nand Kishore
Director
(DIN 08267502)

N. Srinivasan
Director
(DIN 00123338)

Kaushik Modak
Chief Executive Officer
Mumbai, December 27, 2019

Jayashree Kamaswamy
Chief Financial Officer