

# B S R & Associates LLP

Chartered Accountants

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## Limited Review Report

### Unaudited standalone financial results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

#### To Board of Directors of IL&FS Investment Managers Limited

We have reviewed the accompanying statement of unaudited standalone financial results of **IL&FS Investment Managers Limited** (the 'Company') for the quarter ended 31 December 2018 and the year-to-date results for the period from 1 April 2018 to 31 December 2018 (the 'Statement') attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* specified under Section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

#### Basis of Qualified Conclusion

Attention is invited to Note 6 of the accompanying statement of unaudited standalone financial results which describes the situation facing the Company in view of the investigation by Serious Fraud Investigation Office of Ministry of Company Affairs (SFIO) against Infrastructure Leasing & Financial Services Limited ('IL&FS' or 'the Holding Company'), and its subsidiaries (including the Company). Further, the National Company Law Tribunal (NCLT) has ordered re-opening of books of account of IL&FS and its two subsidiaries (other than this company) for the past financial years referred in the note. In view of the aforesaid ongoing investigations of the entire IL&FS Group (including the Company) and re-opening of accounts of the Holding Company and two fellow subsidiaries, we are unable to comment on the consequential impact thereof on these financial results.



**Unaudited standalone financial results pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Continued)**

**Qualified Conclusion**

Based on our review conducted as above, except for the matter described in the 'Basis of Qualified Conclusion' paragraph above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations and SEBI Circular dated 5 July 2016 in this regard including the manner in which it is to be disclosed, or that it contains any material misstatement.

Attention is invited to note 7 regarding likely significant reduction in the Company's future fee revenue and management's expectation of Company's ability to at least meet its obligations over the next 12 months out of its earnings and liquid assets. As stated therein, the Company's business plans for new fund raise have been kept on hold pending completion of stake sale and while there is material uncertainty with regard to the stake sale, management believes that use of the going concern assumption for preparation of the financial results is appropriate. Our conclusion is not modified with regard to this matter.

For B S R & Associates LLP

*Chartered Accountants*

Firm's Registration No:116231W/W-100024



**N Sampath Ganesh**

*Partner*

Membership No: 042554

Mumbai  
06 February 2019

**IL&FS INVESTMENT MANAGERS LIMITED**

Registered Office : The IL&FS Financial Centre, C-22, G Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai 400 051

CIN : L65999MH1986PLC147981. Website : www.iimlindia.com

**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE  
QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018**

(₹ in lakhs)

|          | Particulars                                                                  | Quarter<br>Ended<br>31.12.2018<br>(Unaudited) | Quarter<br>Ended<br>30.09.2018<br>(Unaudited) | Quarter<br>Ended<br>31.12.2017<br>(Unaudited) | Nine months<br>Ended<br>31.12.2018<br>(Unaudited) | Nine months<br>Ended<br>31.12.2017<br>(Unaudited) |
|----------|------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|---------------------------------------------------|---------------------------------------------------|
|          | <b>Revenue:</b>                                                              |                                               |                                               |                                               |                                                   |                                                   |
|          | Revenue from Operations                                                      | 901.47                                        | 977.85                                        | 942.24                                        | 2,825.17                                          | 2,838.86                                          |
|          | Other Income                                                                 | 876.24                                        | 44.75                                         | 816.37                                        | 1,043.20                                          | 1,554.59                                          |
| <b>1</b> | <b>Total Revenue</b>                                                         | <b>1,777.71</b>                               | <b>1,022.60</b>                               | <b>1,758.61</b>                               | <b>3,868.37</b>                                   | <b>4,393.45</b>                                   |
| <b>2</b> | <b>Expenses:</b>                                                             |                                               |                                               |                                               |                                                   |                                                   |
|          | Employee benefits expense                                                    | 649.50                                        | 453.49                                        | 479.96                                        | 1,584.64                                          | 1,523.87                                          |
|          | Depreciation and amortisation expense                                        | 11.01                                         | 10.69                                         | 13.12                                         | 32.21                                             | 39.14                                             |
|          | Legal and Professional expense                                               | 129.38                                        | 131.50                                        | 144.44                                        | 396.67                                            | 455.76                                            |
|          | Other Expenses                                                               | 191.48                                        | 212.36                                        | 233.17                                        | 595.93                                            | 681.51                                            |
|          | <b>Total Expenses</b>                                                        | <b>981.37</b>                                 | <b>808.04</b>                                 | <b>870.69</b>                                 | <b>2,609.45</b>                                   | <b>2,700.28</b>                                   |
| <b>3</b> | <b>Profit before tax (1-2)</b>                                               | <b>796.34</b>                                 | <b>214.56</b>                                 | <b>887.92</b>                                 | <b>1,258.92</b>                                   | <b>1,693.17</b>                                   |
| <b>4</b> | <b>Tax expense/(benefit):</b>                                                |                                               |                                               |                                               |                                                   |                                                   |
|          | a) Current tax                                                               | 155.27                                        | 46.05                                         | 193.55                                        | 260.85                                            | 425.38                                            |
|          | b) Deferred tax                                                              | 119.95                                        | (19.25)                                       | 10.28                                         | 90.33                                             | 10.46                                             |
|          | <b>Total Net tax expense/ (benefit)</b>                                      | <b>275.22</b>                                 | <b>26.80</b>                                  | <b>203.83</b>                                 | <b>351.18</b>                                     | <b>435.84</b>                                     |
| <b>5</b> | <b>Profit after Tax (3-4)</b>                                                | <b>521.12</b>                                 | <b>187.76</b>                                 | <b>684.09</b>                                 | <b>907.74</b>                                     | <b>1,257.33</b>                                   |
| <b>6</b> | <b>Other comprehensive income</b>                                            |                                               |                                               |                                               |                                                   |                                                   |
|          | Items that will not be reclassified to profit or loss:                       |                                               |                                               |                                               |                                                   |                                                   |
|          | Actuarial Gain of the defined benefit plans                                  | 26.89                                         | 3.58                                          | 30.30                                         | 84.46                                             | 53.36                                             |
|          | Income tax relating to items that will not be reclassified to profit or loss | (7.83)                                        | (1.05)                                        | (8.74)                                        | (24.60)                                           | (15.39)                                           |
|          | <b>Total Other Comprehensive Income</b>                                      | <b>19.06</b>                                  | <b>2.53</b>                                   | <b>21.56</b>                                  | <b>59.86</b>                                      | <b>37.97</b>                                      |
| <b>7</b> | <b>Total Comprehensive Income (5+6)</b>                                      | <b>540.18</b>                                 | <b>190.29</b>                                 | <b>705.65</b>                                 | <b>967.60</b>                                     | <b>1,295.30</b>                                   |
|          | Paid-up Equity Share Capital (Face Value of ₹ 2/- each)                      | 6,280.85                                      | 6,280.85                                      | 6,280.85                                      | 6,280.85                                          | 6,280.85                                          |
|          | Earning per equity share (not annualised)                                    |                                               |                                               |                                               |                                                   |                                                   |
|          | - Basic                                                                      | 0.17                                          | 0.06                                          | 0.22                                          | 0.29                                              | 0.40                                              |
|          | - Diluted                                                                    | 0.17                                          | 0.06                                          | 0.22                                          | 0.29                                              | 0.40                                              |

**NOTES :**

- (1) The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2018 and the effective date of such transition is April 1, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder. Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2017 and the corresponding figures presented in these results have been restated/reclassified

- (2) The Company has reported the figures for the current quarter ended December 31, 2018 and corresponding quarter ended December 31, 2017 in accordance with the exemptions available under SEBI circular dated July 5, 2016



- (3) The unaudited standalone financial results have been approved by the Board of Directors at its meeting held on February 6, 2019 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Statutory Auditors of the Company have carried out limited review of the aforesaid results
- (4) As per requirements of Indian Accounting Standard (Ind AS) 108 on 'Operating Segments', based on evaluation of financial information for allocation of resources and assessing performance, the Company has identified a single segment i.e. providing asset management services and other related services. As such, there are no separate reportable business or geographical segments as per Ind AS 108 on operating segment
- (5) As required by paragraph 32 of Ind AS 101, net profit reconciliation between the figures reported under Previous GAAP and Ind AS is as under :

(₹ in lakhs)

| Particulars                                                                                                            | Nine months ended<br>December 31 2017<br>(Unaudited) | Quarter ended<br>December 31 2017<br>(Unaudited) |
|------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| Net profit after tax as reported under Previous GAAP                                                                   | 1,141.98                                             | 483.48                                           |
| <b>Adjustments increasing / (decreasing) net profit after tax as reported under Previous GAAP</b>                      |                                                      |                                                  |
| Fair valuation of financial assets at fair value through profit or loss on investments                                 | 168.44                                               | 237.39                                           |
| Expected Credit loss                                                                                                   | (10.07)                                              | (8.46)                                           |
| Actuarial gain of employee defined benefit plan recognised in 'Other comprehensive income' net of tax as per Ind AS 19 | (53.36)                                              | (30.31)                                          |
| Deferred tax adjustments on above                                                                                      | 10.34                                                | 1.99                                             |
| <b>Net profit after tax as per Ind AS</b>                                                                              | <b>1,257.33</b>                                      | <b>684.09</b>                                    |
| Other comprehensive income (net of tax)                                                                                | 37.97                                                | 21.56                                            |
| <b>Total comprehensive income as per Ind AS</b>                                                                        | <b>1,295.30</b>                                      | <b>705.65</b>                                    |

- (6) The Ministry of Corporate Affairs (MCA), Government of India, has vide its letter dated October 1, 2018 initiated investigation by Serious Fraud Investigation Office (SFIO) against Infrastructure Leasing & Financial Services Limited (IL&FS), the Holding Company and its subsidiaries (including the Company) 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 investigation agencies. On December 3, 2018, MCA on the directions of the National Company Law Tribunal, Mumbai (NCLT) has impleaded various Group Companies of IL&FS (which includes the Company) as Respondents to the Petition filed by them on October 1, 2018. Further based on another petition of the MCA under Section 130 (1) of the Companies Act, 2013, the NCLT has, on January 1, 2019, ordered re-opening of books of accounts for the past financial year 2012-13 to financial year 2017-18 of 'IL&FS' ('the Holding Company'), IL&FS Financial Services Limited ('IFIN' a fellow subsidiary) and IL&FS Transportation Networks Limited ('ITNL' a fellow subsidiary). While the Company, based on its current understanding, believes that the above would not have a material impact on the financial results, the implications, if any, arising from the aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage
- (7) A major portion of the existing funds being managed/advised by the Company are approaching their end of term over the next 12 months which is likely to result in significant reduction in the Company's fee revenue thereafter. Management expects that its future income from existing funds being managed/advised together with liquid assets held by the Company as at December 31, 2018 will be sufficient to meet at least Company's existing and future obligations arising over next 12 months. Management believes that, subject to necessary Board approvals, the Company has adequate funds to allocate seed commitment for a new fund raise as part of an alternate plan

The IL&FS Board has been working on a resolution plan, with a view to enable value preservation for stakeholders of IL&FS Group. The resolution plan, inter alia, involves sale of assets / businesses / companies owned by IL&FS. And in this regard, the IL&FS Board has on December 21, 2018 invited a public Expression of Interest (EoI) for its sale of entire stake in the Company. Accordingly, the Company's plans for new fund raise have been kept on hold pending completion of the stake sale and while there is material uncertainty with regard to the stake sale, Management believes that use of the going concern assumption for preparation of these financial results is appropriate

By Order of the Board

  
Director

  
Mumbai, February 6, 2019