

Limited Review Report on Unaudited Consolidated Financial Results

To:

The Board of Directors of

IL&FS Investment Managers Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of IL&FS Investment Managers Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as 'the Group'), and its share of the net loss after tax and total comprehensive loss of its joint ventures for the quarter ended June 30, 2020 ('the Statement'), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('LODR'). Attention is drawn to Note 3 of the Statement which states that figures for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the previous financial year which were subjected to limited review by us.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by its Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the LODR, to the extent applicable.
4. The Statement includes the unaudited financial results/information of the following entities:

| Name of Entity | Relationship |
|--|---------------------|
| IL&FS Asian Infrastructure Managers Limited | Subsidiary |
| IL&FS Urban Infrastructure Managers Limited | Subsidiary |
| IIML Asset Advisors Limited | Subsidiary |
| Andhra Pradesh Urban Infrastructure Asset Management Limited | Subsidiary |
| IL&FS Infra Asset Management Limited | Subsidiary |
| IL&FS AMC Trustee Limited | Subsidiary |
| IL&FS Investment Advisors LLC | Subsidiary |
| IIML Fund Managers (Singapore) Pte Ltd | Subsidiary |
| Saffron Investment Trust | Stepdown Subsidiary |
| IL&FS Milestone Realty Advisors Pvt Ltd | Joint Venture |
| Standard Chartered IL&FS Management (Singapore) Pte Ltd | Joint Venture |

Basis of Modified Conclusion

5. Attention is invited to Note 5 of the Statement which describes the situation faced by the Group in view of the ongoing investigation by Serious Fraud Investigation Office of Ministry of Corporate Affairs (SFOI) against Infrastructure Leasing & Financial Services Limited ('IL&FS' or 'the Ultimate Holding Company'), and its subsidiaries (including the Group). Further, the National Company Law Tribunal (NCLT) has ordered re-opening of books of account of IL&FS and its two subsidiaries (other than the Group) for the past financial years referred in the note. In view of the aforesaid ongoing investigations of the entire IL&FS Group (including the Group) by the SFOI and re-opening of accounts of the Ultimate Holding Company two of its subsidiaries by the NCLT, we are unable to comment on the consequential impact(s) thereof upon conclusion of the said investigation and re-opening of the books of account on the financial results/information contained in the Statement.
6. Attention is drawn to Note no 7 of the Statement regarding Foreign Currency Translation Reserve (FCTR) of Rs. 712.17 Lakhs reflected for a subsidiary company, representing difference of Capital Reserve recognised in the earlier years as a result of acquisition of entities by the Holding company and the said subsidiary in FY 2010-11. As explained to us by the management of the company, the rectification of this difference would not have any impact on Consolidated Statement of Profit & Loss for the quarter. We are unable to comment on this item of Consolidated annual financial results.

Modified Conclusion

7. Based on our review conducted as above and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors and management certified statements as referred in paragraphs 10 and 11 below, except for the matters described in the 'Basis of Modified Conclusion' paragraph above impact whereof, if any, not ascertainable presently, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI LODR including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

8. Attention is invited to Note 6 of Statement regarding reduction in the Group's fee revenue significantly coupled with the lack of any immediate new fund raise resulting in the reduced estimates of future fee revenue, there is material uncertainty of the Group's continuity as going concern. However, considering the management's expectations of Group's ability to, at least, meet its obligations over the next 12 months out of its earnings and liquid assets, the management believes that use of the 'going concern' assumption for preparation of the consolidated financial results is appropriate. Our opinion is not modified in respect of this matter.
9. Attention is drawn to Note 9 of the Statement which describes the impacts of COVID-19 Pandemic on the financial results as also on business operations of the Group, assessment thereof made by the Holding Company's management based on its internal, external and macro factors, involving certain estimation uncertainties of future periods. Our opinion is not modified in respect of this matter.



Other Matters

10. We did not review the financial results of three subsidiaries included in the unaudited consolidated financial results, whose financial results reflect total revenues of Rs. 723.59 Lakhs, total net profit after tax of Rs. 187.93 Lakhs and total comprehensive income of Rs. 189.88 Lakhs for the quarter ended June 30, 2020 as contained in the Statement. These financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of this matter.
11. The unaudited consolidated financial results include the financial information of four subsidiaries which have neither been audited nor reviewed, whose financial information reflect total revenue of Rs. 20.30 lakhs, total net loss after tax of Rs. 2.95 lakhs and total comprehensive loss of Rs. 2.95 lakhs for the quarter ended June 30, 2020 as contained in the Statement. The unaudited consolidated financial results also include the Group's share of net loss after tax of Rs. 0.89 lakhs and total comprehensive loss of Rs. 0.89 lakhs for the quarter ended June 30, 2020 as contained in the Statement, in respect of two Joint ventures, based on their financial information which have not been reviewed by their auditors.
12. Due to lockdown, imposed by the Government, to restrict the spread of COVID-19, the processes of quarterly limited review were carried out from remote locations i.e. from other than the office of the Company, based on the data/details or financial information remitted by the management through digital medium. Our report is not modified in respect of this matter.

For Khimji Kunverji & Co LLP
Chartered Accountants
FRN: 105146W/ W100621



Hasmukh B. Dedhia

Partner

Membership No: 033494

UDIN: 20033494AAAIN5082

Place: Mumbai

September 8, 2020



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.iimindia.com

**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER
ENDED JUNE 30, 2020**

(₹ in lakhs)

| | Particulars | Quarter Ended 30.06.2020 (Unaudited) | Quarter Ended 30.06.2019 (Unaudited) | Quarter Ended 31.03.2020 (Audited) (Note 3) | Year Ended 31.03.2020 (Audited) |
|---|--|---|---|---|--|
| | Revenue: | | | | |
| | Revenue from Operations | 807.33 | 876.58 | 932.28 | 3,643.33 |
| | Other Income | 455.62 | 288.75 | 371.58 | 1,223.31 |
| 1 | Total Revenue | 1,262.95 | 1,165.33 | 1,303.86 | 4,866.64 |
| | | | | | |
| 2 | Expenses: | | | | |
| | Employee benefits expense | 390.33 | 635.67 | 499.20 | 2,284.40 |
| | Depreciation and amortisation expense | 10.28 | 16.86 | 13.64 | 61.42 |
| | Rent expense | 87.87 | 105.6 | 85.31 | 387.97 |
| | Legal and Professional expense | 227.02 | 277.07 | 188.06 | 993.77 |
| | Other Expenses | 274.59 | 602.33 | 512.10 | 1,794.96 |
| | Total Expenses | 990.09 | 1,637.53 | 1,298.31 | 5,522.52 |
| 3 | Profit/(Loss) before exceptional item and tax (1-2) | 272.86 | (472.20) | 5.55 | (655.88) |
| 4 | Exceptional Item | - | - | - | - |
| 5 | Profit/(Loss) after exceptional item and before tax (3-4) | 272.86 | (472.20) | 5.55 | (655.58) |
| 6 | Tax expense/(benefit): | | | | |
| | a) Current tax | 98.10 | 81.83 | 74.85 | 447.08 |
| | b) Deferred tax | (37.43) | (147.74) | (71.97) | (463.62) |
| | Total Net tax expense/(benefit) | 60.67 | (65.91) | 2.88 | (16.54) |
| 7 | Profit/(Loss) after Tax (5-6) | 212.19 | (406.29) | 2.67 | (639.34) |
| 8 | Share of profit/(loss) of Joint Ventures | (0.89) | (58.8) | 315.47 | (1,329.12) |
| 9 | Profit/(Loss) after tax and share in profit/(loss) of Joint Venture (7+8) | 211.30 | (465.09) | 318.14 | (1,968.46) |
| | Profit attributable to: | | | | |
| | Owners of the company | 220.97 | (217.45) | 456.72 | (1,386.24) |
| | Non-controlling interest | (9.67) | (247.64) | (138.58) | (582.22) |



| | Particulars | Quarter Ended 30.06.2020 (Unaudited) | Quarter Ended 30.06.2019 (Unaudited) | Quarter Ended 31.03.2020 (Audited) (Note 3) | Year Ended 31.03.2020 (Audited) |
|----|--|--|--|--|---------------------------------------|
| 10 | Other comprehensive income | | | | |
| | Items that will not be reclassified to profit or loss : | | | | |
| | Actuarial Gain of the defined benefit plans | 1.67 | (4.63) | (37.68) | (46.15) |
| | Income tax relating to items that will not be reclassified to profit or loss | (3.48) | (33.98) | (89.61) | (140.00) |
| | Items that will be reclassified to profit or loss : | | | | |
| | Gain/(Loss) on Foreign currency translation reserve (net) | 18.76 | 7.24 | 409.71 | 827.02 |
| | Total other comprehensive income | 16.95 | (31.37) | 282.42 | 640.87 |
| | Total other comprehensive income attributable to: | | | | |
| | Owners of the company | 15.99 | (30.85) | 288.55 | 641.65 |
| | Non-controlling interest | 0.96 | (0.52) | (6.13) | (0.78) |
| | Total Comprehensive Income (9+10) | 228.25 | (496.46) | 600.56 | (1,327.59) |
| | Owners of the company | 236.97 | (248.30) | 745.27 | (744.59) |
| | Non-controlling interest | (8.72) | (248.16) | (144.71) | (583.00) |
| 12 | Paid-up Equity Share Capital (Face Value of ₹ 2/- each) | 6,280.85 | 6,280.85 | 6,280.85 | 6,280.85 |
| | Other Equity | - | - | - | 15,959.08 |
| 13 | Earning per equity share (not annualised) | | | | |
| | - Basic | 0.07 | (0.07) | 0.15 | (0.44) |
| | - Diluted | 0.07 | (0.07) | 0.15 | (0.44) |

NOTES :

- The aforesaid consolidated financial results of IL&FS Investment Managers Limited (the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together constitute the "Group") and jointly controlled entities for the quarter ended June 30, 2020 along-with comparative quarter have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on September 8, 2020 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 – Interim Financial Reporting, notified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time and other accounting principles generally accepted in India
- Figures for the quarter ended March 31, 2020 are balancing figures between the audited figures in respect of the full financial year ended March 31, 2020 and the unaudited published year to date figures upto third quarter ended December 31, 2019 which were subjected to a limited review by the Statutory Auditors of the Company



- (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 Group 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
- (5) 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 Ultimate Holding Company and its subsidiaries (including the Group) under Section 212(1) of the Companies Act, 2013. As a part of its investigation, SFIO and Enforcement Directorate (ED) has been seeking information from the Group 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 implemented various Group Companies of IL&FS (which includes the Group) 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 Ultimate Holding Company'), IL&FS Financial Services Limited ('IFIN' a fellow subsidiary) and IL&FS Transportation Networks Limited ('ITNL' a fellow subsidiary). While the Group, 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
- (6) The terms of most of the existing funds being managed / advised by the Holding Company has already been over. Other funds being managed/advised by the Holding company are approaching end of their term in near future which has resulted/is likely to result in significant reduction in the Group's fee revenue. Management expects that its future income from existing funds being managed/advised together with liquid assets held by the Group as at June 30, 2020 will be adequately sufficient to meet the Group's existing and future obligations arising over the next 12 months. Further, NCLAT vide its order dated February 11, 2019 has also classified the Group under the "Green Category", which enables the Group to continue to meet all its payment obligation (both financial and operational) as and when they become due
- Meanwhile, 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 and September 27, 2019 invited a public Expression of Interest (EoI) for sale of its entire stake in the Holding Company. Accordingly, the Group's plans for new fund raise have been kept on hold pending completion of the stake sale. Further, with the outbreak of the pandemic the timelines for the sale process have got delayed 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
- (7) Foreign Currency translation reserve of Rs. 712.17 lakhs reflected in subsidiary company represents Capital Reserve adjusted against Goodwill and recognised in earlier years as a result of acquisition of entities by the Company and offshore subsidiary in FY 2010-11. In the Consolidated Financials the net amount of Goodwill was fully amortised by FY 2012-13. Subsequently, the goodwill in the standalone books of the offshore subsidiary was fully impaired during FY 2014-15, thus resulting in the amount of Capital Reserve earlier adjusted against goodwill remaining outstanding which has been clubbed along with FCTR
- (8) The summarised audited standalone financial results of the Company are as below. The detailed standalone financial results of the Company are available on the Company's website www.iimindia.com

(₹ in lakhs)

| Particulars | Quarter Ended 30.06.2020 (Unaudited) | Quarter Ended 30.06.2019 (Unaudited) | Quarter Ended 31.03.2020 (Audited) | Year Ended 31.03.2020 (Audited) |
|---------------------|--|--|--|---------------------------------------|
| 1 Total Revenue | 334.00 | 845.07 | 462.04 | 2,886.31 |
| 2 Profit before tax | (34.18) | 371.75 | 111.07 | 1,140.73 |
| 3 Profit after tax | (26.25) | 324.59 | (50.84) | 794.32 |



- (9) The Company acts as the Sponsor and Fund Manager for private equity funds. The Company also contributes to various funds under its management. The Company's investments in private equity funds are fair valued based on independent third party valuation carried out by respective funds and the impact thereof is reflected in the Statement of Profit & Loss for that relevant period. The valuation of the Company's investments could be impacted in future based on the potential impact of this pandemic on the investments made by the funds. The impact would vary depending on the sector, stage of investment and also the impact this pandemic may have both in the short and long term on the Indian and global economy. The impact will also depend on the measures being taken by the Government both on the health and economic front

The Company has considered the possible effects that may arise as a result of the COVID-19 pandemic on its financial statements and business as a whole. The Company has evaluated the impact of the COVID-19 pandemic on its business operations and financial position based on current indicators of future economic conditions and forecasts. The Company is a zero debt Company and also has sufficient cash reserves to tide over this global crisis. There is no impact of COVID-19 on the financial results for the period ended June 30, 2020

- (10) Previous year numbers are regrouped/reclassified wherever necessary

By Order of the Board



Director

Mumbai, September 8, 2020

