

Independent Auditors' Report

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

Report on the audit of the Consolidated annual financial results

Modified Opinion

1. We have audited the consolidated annual financial results ('the Statement') of IL&FS Investment Managers Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its joint ventures for the year ended March 31, 2020, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors on separate financial statements of the subsidiaries and joint ventures, except for the possible impacts of matters described in the 'Basis for Modified Opinion' paragraph below, these consolidated annual financial results are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard and give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net loss and other comprehensive income and other financial information of the Group for the year ended March 31, 2020.

The entities considered for inclusion in consolidated financial results are as under:

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 for Modified Opinion

3. Attention is drawn to Note 4 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 (SFIO) against Infrastructure Leasing & Financial Services Limited ('IL&FS' or 'the Ultimate Holding Company'), and its subsidiaries (including the Company and its subsidiaries). 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 and its subsidiaries) for the past financial years as referred to in the note. In view of the aforesaid ongoing investigations of the entire IL&FS Group (including the Company and its subsidiaries) by the SFIO and re-opening of accounts of the Ultimate Holding Company and two of its subsidiaries by the NCLT, we are unable to comment on the consequential impact(s) upon conclusion of the said investigation and re-opening of the books of account on these consolidated annual financial results.
4. 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 year. We are unable to comment on this item appearing in Other Equity of Consolidated annual financial results.
5. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the Consolidated Annual Financial Results.

Material Uncertainty relating to Going Concern

6. Attention is drawn to Note 5 of the 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 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 and its business plans for new fund raise post completion of the stake sale, despite prevailing uncertainty with regard to such stake sale, 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.



Emphasis of Matter

7. Attention is drawn to Note 6 of the Statement which describes the difference noted in opening balances as at the beginning of the financial year under report of Rs. 25.84 Lakhs relating to the Foreign Currency Translation Reserve (FCTR). On inquiry, the management of the Company, in absence of satisfactory identification of the said difference, has transferred, as write-back, the said amount from FCTR to Consolidated Statement of Profit & Loss during the year. Our opinion is not modified in respect of this matter.
8. 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 management of the Holding Company 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.
9. Attention is drawn to Note 10 of the Statement which describes that 3 (three) entities of the Group being consolidated have ceased their operations and their respective standalone financial statements are prepared not on going concern basis but on realisable value basis. Our opinion is not modified in respect of this matter.

Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results

10. These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net loss and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Company's Management and the Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.



Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results

11. Our objectives are to obtain reasonable assurance about whether the Consolidated Annual Financial Results, as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Annual Financial Results. Our audit process in accordance with the SAs is narrated in detail in Annexure 1 to this report.

Other Matters

12. We did not audit the financial results of 3 (three) subsidiaries located in India whose financial results reflect total assets of Rs. 6,290.83 lakhs as at March 31, 2020, total revenues of Rs. 2,466.28 lakhs, total net loss after tax of Rs. 364.35 lakhs and net cash inflow of Rs. 719.54 lakhs for the year ended on that date, as considered in the Consolidated Annual Financial Results. The consolidated annual financial results also include the Group's share of net profit after tax of Rs. 25.60 lakhs for the year ended March 31, 2020 in respect of 1 (one) joint venture located in India. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Annual Financial Results, relating to the amounts and disclosures included in respect of these entities and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid entities, is based solely on the reports of such other auditors.
13. Further, we did not audit the financial results of 3 (three) subsidiary companies incorporated outside India whose financial results reflect total assets of Rs. 10,135.23 lakhs as at March 31, 2020, total revenues of Rs. 1,088.76 lakhs, total net loss after tax of Rs. 1,323.79 lakhs and net cash outflows of Rs. 2,327.84 lakhs for the year ended on that date, as considered in the Consolidated Annual Financial Results. The consolidated annual financial results also include the Group's share of net loss of Rs. 1,354.72 lakhs for the year ended March 31, 2020 in respect of 1 (one) joint venture incorporated outside India. These financial results have been audited by the other auditors as per the requirements of the applicable reporting framework of those countries/jurisdiction and have been converted as per the requirements of Ind AS by the management of the Holding Company. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these entities and our report in terms of provisions of Section 143 of the Act, in so far as it relates to the aforesaid entities, is based solely on the reports of the other auditors and the conversion adjustments prepared by the Management of the Holding Company.
- Our opinion on the Consolidated Annual Financial Results, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management of the Holding Company.
14. Due to complete lockdown imposed by the Central Government to restrict the spread of COVID19, the entire audit finalization process, for the year under report, was carried out from remote locations i.e. other than the Office of the Holding company, based on the data/details made available and based on financial information/records remitted by the management through digital medium. Our report is not modified in respect of this matter.



15. The consolidated annual financial results include the results 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 current financial year which were subjected to limited review by us.
16. The numbers and details pertaining to period(s) i.e. Quarter and Year ended March 31, 2019 and notes related thereto in the Statement have been traced from the Financial Statements of the Group audited by BSR & Associates LLP, Chartered Accountants ('the erstwhile auditors') vide their modified report dated May 30, 2019. The subject matters of qualification in the audit report of the Erstwhile Auditors have been considered and dealt with in framing this report. Our opinion is not modified in respect of this matter.

For Khimji Kunverji & Co LLP

Chartered Accountants

FRN: 105146W/W-100621



Hasmukh B Dedhia

Partner (F-033494)

UDIN: 20033494AAAAHK3988

Place: Mumbai

Date: July 28, 2020



Annexure 1
(referred to in paragraph 10 of Independent Auditors' Report)

As part of our audit in accordance with SAs we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Annual Financial Results, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Annual Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Annual Financial Results, including the disclosures, and whether the Consolidated Annual Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.



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 AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR
ENDED MARCH 31, 2020**

(₹ in lakhs)					
Particulars	Quarter Ended 31.03.2020 (Audited)	Quarter Ended 31.12.2019 (Unaudited)	Quarter Ended 31.03.2019 (Audited)	Year Ended 31.03.2020 (Audited)	Year Ended 31.03.2019 (Audited)
Revenue:					
Revenue from Operations	932.28	953.79	2,456.29	3,643.33	8,868.98
Other Income	371.58	261.05	202.40	1,223.31	1,414.21
1 Total Revenue	1,303.86	1,214.84	2,658.69	4,866.64	10,283.19
Expenses:					
Employee benefits expense	499.20	534.40	836.75	2,284.40	3,881.12
Depreciation and amortisation expense	13.64	15.58	22.64	61.42	940.50
Rent expense	85.31	98.11	99.53	387.97	441.07
Legal and Professional expense	188.06	248.82	378.15	993.77	1,904.81
Other Expenses	512.10	365.21	203.14	1,794.96	1,145.72
Total Expenses	1,298.31	1,262.12	1,540.21	5,522.52	8,313.22
3 Profit/(Loss) before exceptional item and tax (1-2)	5.55	(47.28)	1,118.48	(655.88)	1,969.97
4 Exceptional Item	-	-	(125.65)	-	2,947.14
5 Profit/(Loss) after exceptional item and before tax (3-4)	5.55	(47.28)	1,244.13	(655.88)	(977.17)
6 Tax expense/(benefit):					
a) Current tax	74.85	211.36	(80.66)	447.08	559.37
b) Deferred tax	(71.97)	(109.03)	(9.04)	(463.62)	24.49
Total Net tax expense/(benefit)	2.88	102.33	(89.70)	(16.54)	583.86
7 Profit/(Loss) after Tax (5-6)	2.67	(149.61)	1,333.83	(639.34)	(1,561.03)
8 Share of profit of Joint Venture	315.47	(42.29)	(14.41)	(1,329.12)	193.31
9 Profit/(Loss) after tax and share in profit of Joint Venture (7+8)	318.14	(191.90)	1,319.42	(1,968.46)	(1,367.72)
Profit attributable to:					
Owners of the company	456.72	(109.92)	1,051.36	(1,386.24)	(1,502.46)
Non-controlling interest	(138.58)	(81.98)	268.06	(582.22)	134.74



	Particulars	Quarter Ended 31.03.2020 (Audited)	Quarter Ended 31.12.2019 (Unaudited)	Quarter Ended 31.03.2019 (Audited)	Year Ended 31.03.2020 (Audited)	Year Ended 31.03.2019 (Audited)
10	Other comprehensive income					
	Items that will not be reclassified to profit or loss :					
	Actuarial Gain / (loss) of the defined benefit plans	(37.68)	1.45	(2.78)	(46.15)	82.23
	Income tax relating to items that will not be reclassified to profit or loss	(89.61)	(15.49)	19.61	(140.00)	(156.00)
	Items that will be reclassified to profit or loss :					
	Gain/(Loss) on Foreign currency translation reserve	409.71	93.83	(80.10)	827.02	731.17
	Total other comprehensive income	282.42	79.79	(63.27)	640.87	657.40
	Total other comprehensive income attributable to:					
	Owners of the company	288.55	75.14	(67.98)	641.65	659.16
	Non-controlling interest	(6.13)	4.65	4.71	(0.78)	(1.76)
11	Total Comprehensive Income (9+10)	600.56	(112.11)	1,256.15	(1,227.59)	(710.32)
	Owners of the company	745.27	(34.79)	983.38	(744.59)	(843.29)
	Non-controlling interest	(144.71)	(77.32)	272.77	(583.00)	132.97
12	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
	Other Equity				15,959.08	17,695.37
13	Earning per equity share (not annualised)					
	- Basic	0.15	(0.04)	0.42	(0.44)	(0.48)
	- Diluted	0.15	(0.04)	0.42	(0.44)	(0.48)



Statement of Assets and Liabilities

(₹ in lakhs)		
Particulars	As at March 31, 2020	As at March 31, 2019
ASSETS		
I Financial Assets		
(a) Cash and cash equivalents	10,082.89	9,103.48
(b) Bank balance other than (a) above	6,256.19	6,565.29
(c) Trade Receivables	996.98	2,736.22
(d) Loans	32.32	17.96
(e) Investments	6,164.69	8,475.35
(f) Other Financial assets	839.26	566.64
Total Financial Assets	24,372.33	27,464.94
II Non-financial Assets		
(a) Income Tax Asset (net)	1,109.70	1,450.41
(b) Property, Plant and Equipment	44.80	71.54
(c) Other Intangible Assets	8.36	24.34
(d) Other non-financial assets	729.94	720.11
Total Non-financial Assets	1,892.80	2,266.40
TOTAL ASSETS	26,265.13	29,731.34

(₹ in lakhs)		
Particulars	As at March 31, 2020	As at March 31, 2019
LIABILITIES AND EQUITY		
LIABILITIES		
I Financial Liabilities		
Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	22.15	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	763.37	726.93
Total Financial Liabilities	785.52	726.93
II Non-financial Liabilities		
(a) Deferred Tax Liabilities (Net)	1,217.11	1,540.72
(b) Employee benefit obligations	296.49	1,105.58
(c) Other Non-financial Liabilities	540.73	613.53
Total Non-financial Liabilities	2,054.33	3,259.83
III Equity		
(a) Equity Share Capital	6,280.85	6,280.85
(b) Other Equity	15,959.08	17,695.37
Equity attributable to owners	22,239.93	23,976.22
Non-controlling interests	1,185.35	1,768.36
TOTAL EQUITY AND LIABILITIES	26,265.13	29,731.34



CASH FLOW STATEMENT FOR THE YEAR ENDED

	Particulars	Figures for the year ended March 31, 2020	Figures for the year ended March 31, 2019
I.	Cash Flow from Operating Activities		
	Loss before Tax	(1,985.01)	(783.86)
	Adjustments For :		
	Items classified as Other Comprehensive income	(46.15)	82.24
	Inter corporate deposit written off	1,445.11	1502.03
	Provision made for ICD classified as exceptional item	1,445.11	1,445.11
	Provision for bad and doubtful debts	-	0.21
	Depreciation and amortisation expense	61.42	940.50
	Provision for Employee benefit obligation (net of reversal)	(809.07)	40.33
	Provision for ECL for trade receivables / other financial assets	1,066.52	(431.91)
	FVTPL of mutual funds	(196.15)	(177.55)
	FVTPL of equity instrument	209.45	209.96
	Provision for diminution in value of investments	-	129.06
	(Profit) / loss on sale of equity instrument	0.01	(167.48)
	(Profit) on sale of mutual funds	(212.15)	(183.10)
	(Profit) / loss on sale of Property, Plant and Equipment	(8.18)	0.32
	Interest Income	(630.92)	(435.73)
	Dividend Income on non-current investment	(0.03)	-
	Operating Profit/(Loss) Before Working Capital Changes	(2,550.26)	2,170.13
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	691.69	6,528.44
	Other Financial Assets	(303.42)	(96.67)
	Other Non-Financial Asset	(9.83)	26.09
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade Payables	58.59	(57.01)
	Other Non-financial liability	(39.55)	(66.03)
		2,152.78	8,504.95
	Less: Taxes paid	(106.36)	(983.37)
	Net Cash generated from / (used in) Operating Activities	2,259.14	7,521.58
II.	Cash Flow from Investing Activities		
	(Increase)/Decrease in Mutual Fund	1,182.25	(711.54)
	(Increase)/Decrease in equity instrument	(0.01)	(45.18)
	Investment in /(Redemption from) Fixed Deposits (Net)	275.86	(6,224.24)
	Proceeds from Sale of equity instrument	1,327.29	111.74
	Proceeds from Sale of Property, Plant and Equipment	9.95	13.43
	Capital Expenditure on Property, Plant and Equipment	(20.44)	(23.00)
	Interest Income	628.38	257.50
	Inter Corporate Deposit Redeemed (net of placed)	-	1,500.00
	Net Cash generated from / (used in) Investing Activities	3,403.28	(5,121.29)
III.	Cash Flow from Financing Activities		
	Dividend Paid	(942.10)	(1,884.20)
	Dividend Tax Paid	(49.61)	(86.32)
	Net Cash used in Financing Activities	(991.71)	(1,970.52)
IV.	Net Increase in Cash and Cash Equivalent (I+II+III)	152.43	429.77
	Effect of exchange differences on Foreign Currency Translation	826.98	659.96
		979.41	1,089.73
	Cash and Cash Equivalent at the beginning of the year	9,103.48	8,013.75
	Cash and Cash Equivalent at the end of the year	10,082.89	9,103.48
	Net Increase in Cash and Cash Equivalent	979.41	1,089.73



NOTES :

- (1) 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 and year ended March 31, 2020 along-with comparative period have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on July 28, 2020 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (2) The financial results have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of the Companies Act, 2013 (CA 2013) and other relevant provisions of the CA 2013 as amended from time to time
- (3) 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
- (4) 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 IL&FS and its subsidiaries (including the Company) under Section 212(1) of the Companies Act, 2013. As a part of its investigation, SFIO and Enforcement Directorate (ED) have been seeking information from the Group on an ongoing basis. The investigation is in progress and the Group 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, IFIN 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
- (5) The term of most of the existing funds being managed / advised by the Company has already been over. Other funds being managed/advised by the company are approaching end of their term in near future which has resulted/is likely to result in significant reduction in the Company'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 March 31, 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



- (6) The opening balances of the Consolidated Financials had an unreconciled difference of ₹ 25.84 Lakhs relating to the Foreign Currency Translation Reserve (FCTR). The effort to identify the same did not yield result, hence the said unreconciled difference of ₹ 25.84 Lakhs has been transferred from FCTR, as a write back, to the Statement of Profit & Loss during the year.
- (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.iimlindia.com

(₹ in lakhs)						
	Particulars	Quarter Ended 31.03.2020 (Audited)	Quarter Ended 31.12.2019 (Unaudited)	Quarter Ended 31.03.2019 (Audited)	Year Ended 31.03.2020 (Audited)	Year Ended 31.03.2019 (Audited)
1	Total Revenue	462.04	746.12	1,034.46	2,886.31	4,902.83
2	Profit before tax	111.07	301.81	212.39	1,140.73	1,471.31
3	Profit after tax	(50.84)	182.11	110.25	794.32	1,017.99

- (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 year ended March 31, 2020.

- (10) The financial statements of its subsidiary IIML Fund Managers (Singapore) Pte Ltd and its Joint Ventures IL&FS Milestone Realty Advisors Private Limited and Standard Chartered IL&FS Management (Singapore) Pte Ltd have been prepared on the basis that it does not continue as a going concern.
- (11) The figures for the three months ended March 31, 2020 & March 31, 2019 are the balancing figures between the audited figures with respect to full financial year and the published unaudited year to date figures upto the third quarter of the financial year which were subject to limited review.
- (12) The Board of Directors, in their meeting held on July 28, 2020 have proposed a final dividend of ₹ 0.60 per equity share amounting to ₹ 188,419,644/-. The proposal is subject to the approval of shareholders at the Annual General Meeting.
- (13) Previous year numbers are regrouped/reclassified wherever necessary.



By  Order of the Board

Director

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along with Consolidated Annual Audited Financial Results**

<u>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020</u>				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (₹ in lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (₹ in lakhs)
	1.	Turnover/Total income	4,866.64	Not ascertainable
	2.	Total Expenditure	5,522.52	
	3.	Net Profit/(Loss)	(1,327.59)	
	4.	Earnings Per Share	(0.44)	
	5.	Total Assets	26,265.13	
	6.	Total Liabilities	4,025.20	
	7.	Net Worth	22,239.93	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	
II. <u>Audit Qualifications :</u>				
(a)				
	a.	<u>Details of Audit Qualification</u> : Refer below details of qualification as per Audit Report dated July 28, 2020		
		Attention is invited to Note 4 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 (SFIO) against Infrastructure Leasing & Financial Services Limited ('IL&FS' or 'the Ultimate Holding Company'), and its subsidiaries (including the Company and its subsidiaries). 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 and its subsidiaries) 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 its subsidiaries) by the SFIO and re-opening of accounts of the Ultimate Holding Company and two of its subsidiaries by the NCLT, we are unable to comment on the consequential impact(s) upon conclusion of the said investigation and re-opening of the books of account on these consolidated annual financial results		
	b.	<u>Type of Audit Qualification</u> : Qualified Opinion		



	c.	<u>Frequency of qualification</u> : Appearing for the second time
	d.	<u>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views</u> : Not applicable
	e.	<u>For Audit Qualification(s) where the impact is not quantified by the auditor</u> :
	(i)	<u>Management's estimation on the impact of audit qualification</u> : Unable to estimate impact
	(ii)	<u>If management is unable to estimate the impact, reasons for the same</u> : In the absence of any specific findings as on date, the financial impact if any can only be ascertained once the SFIO investigation is completed and the exercise of the restatement of financial statements is completed
	(iii)	<u>Auditors' Comments on (i) or (ii) above</u> : No Comments
II. (b)		<u>Audit Qualification (each audit qualification separately)</u> :
	(a)	<u>Details of Audit Qualification</u> : Refer below details of qualification as per Audit Report dated July 28, 2020 : 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 by the said subsidiary in the earlier years as a result of acquisition of entities by the said subsidiary in FY 10-11. 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 year. We are unable to comment on this item appearing in Other Equity of Consolidated Financial Statements
	(b)	<u>Type of Audit Qualification</u> : Qualified Opinion
	(c)	<u>Frequency of qualification</u> : Appearing for the first time



(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :**

In November 2010, IL&FS Investment Advisors LLC (IIAL), wholly owned subsidiary of the Company, acquired Saffron Capital Securities Limited (SCSL) and Saffron Capital Advisors Limited (SCAL) through a Scheme of Amalgamation in Mauritius. SCAL was a management company in Mauritius, which had management contracts with two real estate funds in Mauritius viz. K2 Property Limited (K2) (100% subsidiary of Yatra Capital Limited, a listed company which had raised € 220 mn) and Saffron India Real Estate Fund – I (SIREF), an unlisted fund which had raised USD 103.5 mn. The Amalgamation of SCAL and SCSL with IIAL was accounted using the Purchase Method and in accordance with Accounting Standard 14. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed and a Goodwill of Rs 81,497,193 (USD 1,774,619) was recognised in IIAL.

In October 2010, IL&FS Investment Managers Limited acquired Saffron Asset Advisors Private Limited (SAAPL) by acquiring their Class A shares for Rs 41,464,117. Based on SAAPL Financial on the date of acquisition there was a capital reserve of Rs 58,022,445 (USD 1,248,869)

In the books of IIAL, the goodwill was carried at book value since as per the IFRS accounting standard followed by IIAL, it is annually tested for Impairment and not amortised. In preparation of Consolidated Financial of IIML the Goodwill of IIAL was net off against Capital Reserve of SAAPL and net goodwill of Rs 23,474,746/- (USD 525,750) was amortised in the Consolidated Books using a straight line method over a period of five years

In the year 2012, IIML further acquired Class B shares of SAAPL for Rs 8,400,000/- against book value of Rs 21,594,800/- which resulted in further Capital reserve of Rs 13,194,800/- which was again adjusted with the balance amount of Goodwill and the remaining Goodwill was amortised over the remaining period of 3 years. The net Goodwill in the Consolidated Financials became NIL during financial year 2012-13



		Further, in the year 2015 the goodwill of IIAL of USD 1,774,619 was fully impaired and hence written off in the books of IIAL. However this led to a situation where in the Consolidated Books, the net Goodwill was fully amortised by 2012-13 but the Goodwill of Rs 71,217,245/- (Rs 58,022,445/- + Rs 13,194,800/-) of IIAL which was adjusted against Capital Reserve of SAAPL still remained. Since the accounting standard does not permit reclassification of amount to Capital reserve, the same amount is shown under adjustment column as a debit item against FCTR which would get adjusted when IIML disposes off its interest in IIAL
	(e)	For Audit Qualification(s) where the impact is not quantified by the auditor : Not applicable
	(i)	Management's estimation on the impact of audit qualification :
	(ii)	If management is unable to estimate the impact, reasons for the same :
	(iii)	Auditors' Comments on (i) or (ii) above :
III.	<u>Signatories :</u>	
	 Manoj Borkar Chief Financial Officer	
	 S M Datta Audit Committee Chairman	
	Statutory Auditor : For Khimji Kunverji & Co LLP Chartered Accountants FRN: 105146W/W-100621  Hasmukh B. Dedhia Partner (F- 033494) 	
	Place :	Mumbai
	Date :	July 28, 2020