

**Independent Auditors' Report**

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

**Report on the audit of the Standalone annual financial results**

**Modified Opinion**

1. We have audited the accompanying standalone annual financial results ("the Statement") of IL&FS Investment Managers Limited (hereinafter referred to as the "Company") for the year ended March 31, 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, except for the impact of the matters described in the 'Basis for Modified Opinion' para below, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. 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 the net loss and other comprehensive income and other financial information for the year ended March 31, 2021.

**Basis for Modified Opinion**

2. Attention is invited to Note 4 of the Statement which describes the situation faced by the Company 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 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) by the SFIO and re-opening of accounts of the Holding Company and two fellow 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 standalone annual financial results.
3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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 we have obtained, is sufficient and appropriate to provide a basis for our opinion on the standalone annual financial results.



#### **Material Uncertainty relating to Going Concern**

4. Attention is drawn to Note 5 of the Statement regarding reduction in the Company'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 Company's continuity as going concern. However, considering management's expectations of Company'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 material uncertainty with regard to such stake sale, the management believes that use of the 'going concern' assumption for preparation of the standalone financial results is appropriate. Our opinion is not modified in respect of this matter.

#### **Emphasis of Matter**

5. Attention is drawn to Note 6 of the Statement which describes the impacts of COVID-19 pandemic on the financial results as also on business operations of the Company, assessment thereof made by the management of the 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.

#### **Management and Board of Directors' Responsibilities for the Standalone Annual Financial Results**

6. The annual financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Annual Financial Results that give a true and fair view of the state of affairs, profit and other comprehensive income, and other information 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the 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 standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is responsible for overseeing the Company's financial reporting process.



**Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results**

7. Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone Annual Financial Results. Our audit process in accordance with the SAs is narrated in detail in Annexure 1 to this report.

**Other Matters**

8. The entire audit finalization processes were carried from remote locations i.e. other than the office of the Company where books of account and other records are kept, based on data/details or financial information provided to us through digital medium, owing to restricted movements and partial lockdown imposed by the Authorities to prevent the spread of COVID-19. Being constrained, we resorted to and relied upon the results of the related alternate audit procedures to obtain appropriate audit evidence for the significant matters in course of our audit. Our report is not modified in respect of this matter.
9. The standalone annual financial results include the results for the quarter ended March 31, 2021 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.

For Khimji Kunverji & Co LLP  
Chartered Accountants  
FRN: 105146W/W-100621



**Hasmukh B Dedhia**  
Partner  
Membership No.: 033494  
UDIN: 21033494AAAAIY7968



Place: Mumbai  
Date: June 30, 2021

**Annexure 1**  
**(referred to in paragraph 7 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 Standalone 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 Company 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 in the Standalone Annual financial Results made by the Management and Board of Directors
- Conclude on the appropriateness of the 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 Company'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 Standalone 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Annual Financial Results, including the disclosures, and whether the Standalone Annual Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



**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 STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR  
ENDED MARCH 31, 2021**

(₹ in lakhs)						
	Particulars	Quarter Ended 31.03.2021 (Audited)	Quarter Ended 31.12.2020 (Unaudited)	Quarter Ended 31.03.2020 (Audited)	Year Ended 31.03.2021 (Audited)	Year Ended 31.03.2020 (Audited)
	Revenue :					
	Revenue from Operations	97.00	345.01	309.95	738.29	2,397.94
	Other Income	114.76	310.88	152.09	666.49	488.37
1	Total Revenue	211.76	655.89	462.04	1,404.78	2,886.31
2	Expenses :					
	Employee benefits expense	163.92	325.28	215.52	831.37	984.27
	Depreciation and amortisation expense	2.28	1.67	4.87	7.11	21.53
	Rent expense	20.44	20.48	60.02	155.73	240.02
	Legal and Professional expense	78.00	56.66	(4.84)	243.42	244.16
	Net loss arising on financial assets designated as at FVTPL	38.80	280.60	-	337.83	-
	Other Expenses	103.93	43.42	75.40	270.84	255.60
	Total Expenses	407.37	728.11	350.97	1,846.30	1,745.58
3	Profit before tax (1-2)	(195.61)	(72.22)	111.07	(441.52)	1,140.73
4	Tax expense / (benefit) :					
	a) Current tax	(76.92)	-	142.80	(76.92)	247.80
	b) Deferred tax	(10.88)	(58.62)	19.11	(83.81)	98.61
	Total Net tax expense / (benefit)	(87.80)	(58.62)	161.91	(160.73)	346.41
5	Profit after Tax (3-4)	(107.81)	(13.60)	(50.84)	(280.79)	794.32
6	Other comprehensive income					
	Items that will not be reclassified to profit or loss :					
	Actuarial Gain of the defined benefit plans	14.68	10.55	(21.48)	38.81	(42.42)
	Income tax relating to items that will not be reclassified to profit or loss	(3.70)	(2.65)	5.41	(9.77)	10.68
	Total Other Comprehensive Income	10.98	7.90	(16.07)	29.04	(31.74)
7	Total Comprehensive Income (5+6)	(96.83)	(5.70)	(66.91)	(251.75)	762.58
	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				3,491.17	5,627.11
	Earning per equity share (not annualised)					
	- Basic	(0.03)	(0.004)	(0.02)	(0.09)	0.25
	- Diluted	(0.03)	(0.004)	(0.02)	(0.09)	0.25



## Statement of Assets and Liabilities

		(₹ in lakhs)	
Particulars		As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>I</b>	<b>Financial Assets</b>		
(a)	Cash and cash equivalents	772.34	435.93
(b)	Bank balance other than (a) above	292.46	777.80
(c)	Trade Receivables	458.42	179.58
(d)	Loans	9.12	10.62
(e)	Investments	8,415.98	10,589.14
(f)	Other financial assets	71.31	65.28
<b>Total Financial Assets</b>		<b>10,019.63</b>	<b>12,058.35</b>
<b>II</b>	<b>Non-financial Assets</b>		
(a)	Income Tax Asset (Net)	7.42	156.41
(b)	Deferred Tax Assets (Net)	41.09	-
(c)	Property, Plant and Equipment	17.70	9.80
(d)	Other non-financial Assets	374.54	356.51
<b>Total non-financial Assets</b>		<b>440.75</b>	<b>522.72</b>
<b>TOTAL ASSETS</b>		<b>10,460.38</b>	<b>12,581.07</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>I</b>	<b>Financial Liabilities</b>		
	Trade payables		
(i)	total outstanding dues of micro enterprises and small enterprises	15.26	17.14
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	190.83	136.47
<b>Total Financial Liabilities</b>		<b>206.09</b>	<b>153.61</b>
<b>II</b>	<b>Non-financial Liabilities</b>		
(a)	Employee benefit obligations	163.10	161.39
(b)	Other Non-Financial Liabilities	319.17	325.16
(c)	Deferred Tax Liabilities (Net)	-	32.95
<b>Total Non-financial Liabilities</b>		<b>482.27</b>	<b>519.50</b>
<b>III</b>	<b>Equity</b>		
(a)	Equity Share Capital	6,280.85	6,280.85
(b)	Other Equity	3,491.17	5,627.11
<b>Equity attributable to owners</b>		<b>9,772.02</b>	<b>11,907.96</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,460.38</b>	<b>12,581.07</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2021**

(₹ in lakhs)

	Particulars	Figures for the year ended March 31, 2021	Figures for the year ended March 31, 2020
I.	<b>Cash Flow from Operating Activities</b>		
	Profit Before Tax	(441.52)	1,140.73
	Adjustments For :		
	Items classified as Other Comprehensive income	38.81	(42.42)
	Depreciation and Amortisation	7.11	21.53
	Provision for Employee Benefits (Net of reversal)	1.71	(533.58)
	Provision for Expected Credit Loss for trade receivables	58.52	-
	(Gain) / Loss on fair valuation of mutual funds	253.27	(255.85)
	(Gain) / Loss on fair valuation of venture capital funds	84.56	209.45
	( Profit ) / Loss on sale of non current investments	12.56	-
	( Profit ) / Loss on sale of current investments	(481.91)	(100.78)
	( Profit ) / Loss on sale of Property, Plant and Equipment's (Net)	(0.39)	(7.51)
	Interest Income	(179.13)	(73.88)
	Dividend Income on non-current investment	(0.04)	(0.03)
	<b>Operating Profit Before Working Capital Changes</b>	<b>(646.45)</b>	<b>357.66</b>
	<b>Changes in working capital :</b>		
	<b>Adjustments for (increase) / decrease in operating assets :</b>		
	Trade Receivables	(337.36)	(179.58)
	Other Financial Assets	(5.91)	(0.28)
	Other Non-Financial Assets	8.66	(75.80)
	<b>Adjustments for increase / (decrease) in operating liabilities :</b>		
	Trade Payables	52.48	(47.42)
	Other Non-Financial Liabilities	9.35	(30.02)
	<b>Cash generated from Operations</b>	<b>(919.23)</b>	<b>24.56</b>
	Less : Taxes (paid) / refund received (net)	225.91	92.97
	<b>Net Cash generated from / (used in) Operating Activities</b>	<b>(693.32)</b>	<b>117.53</b>
II.	<b>Cash Flow from Investing Activities</b>		
	(Purchase) / Sale of venture capital funds (Net)	116.46	-
	(Purchase) / Sale of mutual funds (Net)	2,188.26	194.55
	Investment in / (Redemption from) Fixed Deposits	470.00	930.00
	Purchase of Property, Plant and Equipment's	(15.06)	(6.28)
	Proceeds from Sale of Property, Plant and Equipment's	0.45	8.83
	Interest received	153.82	92.80
	<b>Net Cash generated from Investing Activities</b>	<b>2,913.93</b>	<b>1,219.90</b>
III.	<b>Cash Flow from Financing Activities</b>		
	Dividend Paid	(1,884.20)	(942.10)
	Dividend Tax Paid	-	(49.61)
	<b>Net Cash generated from / (used in) Financing Activities</b>	<b>(1,884.20)</b>	<b>(991.71)</b>
IV.	<b>Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)</b>	<b>336.41</b>	<b>345.72</b>
	Cash and Cash Equivalents at the beginning of the year	435.93	90.21
	Cash and Cash Equivalents at the end of the year	772.34	435.93
	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>336.41</b>	<b>345.72</b>



## NOTES :

- (1) 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
- (2) The above standalone financial results for the quarter and year ended March 31, 2021 along-with comparative quarter and year have been reviewed by the Audit Committee at its meeting held on June 29, 2021 and subsequently approved by the Board of Directors of the Company at its meeting held on June 30, 2021 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The standalone financial results have been audited by the statutory auditors of the company
- (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 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
- (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 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 and Enforcement Directorate (ED) have 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 Ultimate 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
- (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 Company as at March 31, 2021 will be adequately sufficient to meet the Company's existing and future obligations arising over the next 12 months

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 Company. Accordingly, the Company'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 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, 2021

- (7) The figures for the three months ended March 31, 2021 and March 31, 2020 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 subjected to limited review
- (8) The Board of Directors, in their meeting held on June 30, 2021 have proposed a final dividend of ₹ 0.30 per equity share amounting to ₹ 94,209,822/-. The proposal is subject to the approval of shareholders at the Annual General Meeting
- (9) Previous year numbers are regrouped / reclassified wherever necessary

By Order of the Board



Director

Mumbai, June 30, 2021

