

Independent Auditor's review report on unaudited standalone quarterly financial results of IL&FS Investment Managers Limited under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

Introduction

1. We have reviewed the accompanying statement of unaudited standalone financial results of IL&FS Investment Managers Limited ('the Company') for the quarter ended 30 September 2022 and year to date results for the period from 1 April 2022 to 30 September 2022 ('the Statement'), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors of the Company, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard ('Ind AS') 34 'Interim Financial Reporting' specified in section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

Scope of Review

3. 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' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is 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 for Qualified Conclusion

4. Attention is invited to Note 5 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 ('SFO') 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 SFO and re-opening of accounts of the 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 the financial results/information contained in the Statement.

Qualified Conclusion

5. Based on our review conducted as above, except for the matter described in the 'Basis for Qualified 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 applicable Ind AS and other recognized accounting practices and policies has not disclosed the information



kkc & associates llp

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter

6. Attention is invited to Note 6 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 estimated earnings and liquid assets, the management believes that use of the 'going concern' assumption for preparation of the Statement is appropriate. Our conclusion on the Statement is not modified in respect of this matter.

For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621



Hasmukh B Dedhia

Partner

ICAI Membership No: 033494

UDIN: 22033494BCUHOI2421



Place: Mumbai

Date: 11 November 2022

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 HALF YEAR ENDED SEPTEMBER 30, 2022**

(₹ In Lakhs)							
	Particulars	Quarter Ended 30.09.2022 (Unaudited)	Quarter Ended 30.06.2022 (Unaudited)	Quarter Ended 30.09.2021 (Unaudited)	Half Year Ended 30.09.2022 (Unaudited)	Half Year Ended 30.09.2021 (Unaudited)	Year Ended 31.03.2022 (Audited)
	Revenue:						
	Revenue from Operations	237.97	47.60	104.04	285.57	194.36	374.82
	Other Income	248.11	43.00	18.64	291.11	95.88	2,059.66
1	Total Revenue	486.08	90.60	122.68	576.68	290.24	2,434.48
2	Expenses:						
	Employee benefits expense	135.96	144.96	163.22	280.91	331.33	663.24
	Depreciation and amortisation expense	1.30	1.30	2.06	2.60	4.26	7.83
	Rent expense	21.01	21.05	18.28	42.06	36.55	73.10
	Legal and Professional expense	23.10	21.52	17.83	44.62	37.97	87.86
	Net loss arising on financial assets designated as at FVTPL	(7.42)	7.42	(31.93)	-	-	-
	Net loss on sale of non-current Investment	-	-	-	-	-	243.50
	Other Expenses	55.35	40.74	31.27	96.10	88.63	154.97
	Total Expenses	229.30	236.99	200.73	466.29	498.74	1,230.50
3	Profit before tax (1-2)	256.78	(146.39)	(78.05)	110.39	(208.50)	1,203.98
4	Tax expense/(benefit):						
	a) Current tax	(1.69)	-	-	(1.69)	-	(50.55)
	b) Deferred tax	(0.38)	(4.99)	16.18	(5.37)	6.42	4.86
	Total Net tax expense/(benefit)	(2.07)	(4.99)	16.18	(7.06)	6.42	(45.69)
5	Profit after Tax (3-4)	258.85	(141.40)	(94.22)	117.45	(214.92)	1,249.67
6	Other comprehensive income						
	Items that will not be reclassified to profit or loss:						
	Actuarial Gain of the defined benefit plans	11.99	2.06	10.92	14.05	12.56	15.68
	Income tax relating to items that will not be reclassified to profit or loss	(3.02)	(0.52)	(2.75)	(3.54)	(3.16)	(3.95)
	Total Other Comprehensive Income	8.97	1.54	8.17	10.51	9.40	11.73
7	Total Comprehensive Income (5+6)	267.82	(139.86)	(86.05)	127.96	(205.52)	1,261.40
	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	6,280.85
	Other Equity						3,810.47
	Earning per equity share (not annualised)						
	- Basic	0.08	(0.05)	(0.03)	0.04	(0.07)	0.40
	- Diluted	0.08	(0.05)	(0.03)	0.04	(0.07)	0.40



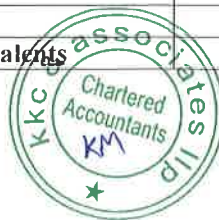
Statement of Assets and Liabilities

		(₹ In Lakhs)	
Particulars		As at September 30, 2022	As at March 31, 2022
ASSETS			
I	Financial Assets		
(a)	Cash and cash equivalents	24.76	1,547.52
(b)	Bank balance other than (a) above	307.76	796.16
(c)	Trade Receivables	269.96	220.40
(d)	Loans	7.56	8.08
(e)	Investments	8,296.22	7,405.61
(f)	Other financial assets	57.10	144.82
Total Financial Assets		8,963.36	10,122.59
II	Non-financial Assets		
(a)	Income Tax Asset (Net)	37.88	57.34
(b)	Deferred Tax Assets (Net)	34.13	32.29
(c)	Property, Plant and Equipment	8.92	11.52
(d)	Other non-financial Assets	386.55	372.60
Total non-financial Assets		467.48	473.75
TOTAL ASSETS		9,430.84	10,596.34
LIABILITIES AND EQUITY			
LIABILITIES			
I	Financial Liabilities		
	Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	14.45
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	85.47	154.15
Total Financial Liabilities		85.47	168.60
II	Non-financial Liabilities		
(a)	Employee benefit obligations	50.08	57.80
(b)	Other Non-Financial Liabilities	332.14	278.62
(c)	Deferred Tax Liabilities (Net)	-	-
Total Non-financial Liabilities		382.22	336.42
III	Equity		
(a)	Equity Share Capital	6,280.85	6,280.85
(b)	Other Equity	2,682.30	3,810.47
Equity attributable to owners		8,963.15	10,091.32
TOTAL EQUITY AND LIABILITIES		9,430.84	10,596.34



CASH FLOW STATEMENT FOR THE PERIOD ENDED ON SEPTEMBER 30, 2022

(₹ In Lakhs)			
	Particulars	Figures for the period ended September 30, 2022	Figures for the period ended September 30, 2021
I.	Cash Flow from Operating Activities		
	Profit Before Tax	110.39	(208.51)
	Adjustments For :		
	Items classified as Other Comprehensive income	14.05	12.56
	Depreciation and Amortisation	2.60	4.26
	Provision for Employee Benefits (Net of reversal)	(7.71)	(5.30)
	Provision for Expected Credit Loss for trade receivables	55.21	(3.78)
	(Gain) / Loss on fair valuation of mutual funds	(18.18)	(7.99)
	(Gain) / Loss on fair valuation of venture capital funds	(203.27)	12.75
	Provision for Diminution in value of Investment	-	15.22
	(Profit) / Loss on sale of non-current investments	-	-
	(Profit) / Loss on sale of current investments	(38.66)	(68.64)
	(Profit) / Loss on sale of Property, Plant and Equipment's (Net)	(3.60)	(0.06)
	Interest Income	(9.27)	(16.24)
	Operating Profit Before Working Capital Changes	(98.44)	(265.73)
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	(104.77)	75.64
	Other Financial Assets	87.63	33.10
	Other Non-Financial Assets	(36.17)	(155.90)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade Payables	(83.14)	(32.82)
	Other Non-Financial Liabilities	(11.08)	(0.51)
	Cash generated from Operations	(245.97)	(346.22)
	Less: Taxes (paid) / refund received (net)	21.14	(1.26)
	Net Cash generated from / (used in) Operating Activities	(224.83)	(347.48)
II.	Cash Flow from Investing Activities		
	(Purchase) / Sale of venture capital funds (Net)	-	(9.54)
	(Purchase) / Sale of mutual funds (Net)	(630.51)	112.93
	Investment in / (Redemption from) Fixed Deposits	553.00	(553.00)
	Purchase of Property, Plant and Equipments	-	-
	Proceeds from Sale of Property, Plant and Equipments	3.60	0.06
	Interest received	32.11	41.48
	Net Cash generated from / (used in) Investing Activities	(41.80)	(408.07)
III.	Cash Flow from Financing Activities		
	Dividend Paid	(1,256.13)	-
	Dividend Tax Paid	-	-
	Net Cash generated from / (used in) Financing Activities	(1,256.13)	-
IV.	Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	(1,522.76)	(755.55)
	Cash and Cash Equivalents at the beginning of the year	1,547.52	772.34
	Cash and Cash Equivalents at the end of the period	24.76	16.79
	Net Increase / (Decrease) in Cash and Cash Equivalents	(1,522.76)	(755.55)



NOTES :

- (1) 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
- (2) The above standalone financial results for the quarter ended September 30, 2022 along-with comparative quarter have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at their respective meetings held on November 11, 2022 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The standalone financial results for the quarter ended as on September 30, 2022 have been reviewed 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 on operating segment
- (4) Revenue from operations includes management fee of ₹ 188.33 lakhs for previous year accounted for on receipt basis
- (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 Holding Company and its subsidiaries (including the Company) under Section 212(1) of the Companies Act, 2013. 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
- (6) 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 September 30, 2022 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

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

By Order of the Board



Director



Mumbai, November 11, 2022