



Private Equity

IL&FS Investment Managers Limited

ANNUAL REPORT 2012



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr S M Datta
Chairman

Mr Ravi Parthasarathy

Mr Bansi S Mehta

Mr Jitender Balakrishnan

Mr Siddharth Mehta

Mr Arun Saha

Mr Vibhav Kapoor

Mr Ramesh Bawa

Mr Shahzaad Dalal
Vice Chairman

Dr Archana Hingorani
Chief Executive Officer &
Executive Director

COMPANY SECRETARY

Mr Sanjay Mitra

BANKERS

HDFC Bank Limited

AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants

INTERNAL AUDITORS

M/s Patel & Deodhar
Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West), Mumbai 400 078, India
Tel : +91 22 2596 3838 Fax : +91 22 2594 6969

REGISTERED OFFICE

The IL&FS Financial Centre, Plot No C-22, G Block
Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India
Tel : +91 22 2659 3531 Fax : +91 22 2653 3056

NOTES FROM THE CHAIRMAN



Mr S M Datta
Chairman

Dear Shareholders,

The last financial year has witnessed a remarkable mood swing. It started on a buoyant note in April, 2011 with the economy projected to grow at 8.5% or above. As the year progressed, news flow from the developed markets especially from the European region has not been encouraging. Many parts of Europe are now in recession and the Euro remains under significant stress. On an aggregate, it is expected that growth in advanced economies will be weak and global output will expand at a slower pace

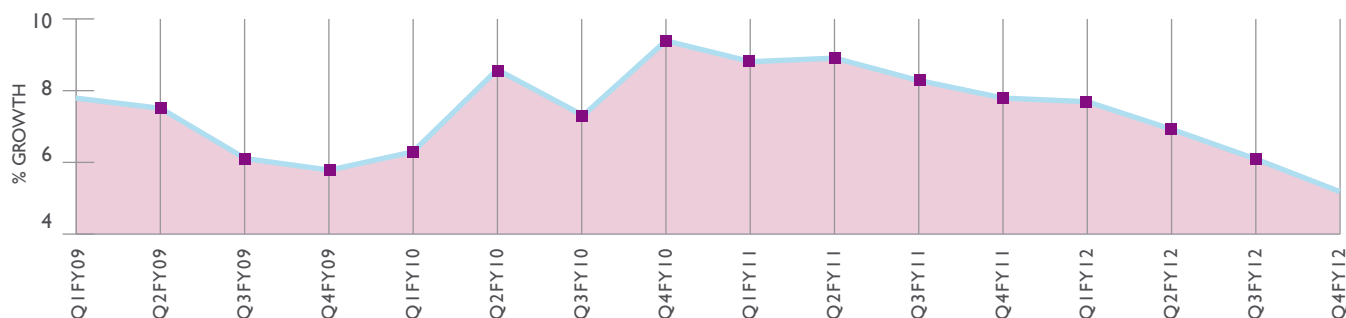
On the back of this lower external demand and capital flows reversals, the impact on the developing economies is a natural outcome. Driven by these externalities and on account of various local issues, the domestic economy has also been hit by high inflation, low industrial growth, high trade deficit and a steady decline in the value of our currency. The low 5.3% growth achieved in the March Quarter of 2012 further increased the economic gloom. The continuing uncertainties in the global financial and commodities markets signal the problems which lie ahead of us in the current year

The Private Equity sector was severely affected by these global and domestic concerns. A weak investment appetite adversely affected the raising of new funds while exits were hampered by the uncertainties in the Indian Capital markets. Seen against this background, your Company's record of investments worth ₹18.8 bn and divestments worth ₹5.2 bn reflect credit on the management team's ability to deliver profitable performance during challenging times

Fund raising by PE companies has become difficult during the last 12 months because of global uncertainties, but even within this space, the appetite for Indian venture capital has declined sharply because of fiscal and trade worries. India's share of the Private Equity funds raised for Emerging Markets as a whole has also declined significantly

Urgent steps are necessary to restore investor confidence in the Indian economy and its regulation. There are no easy short term solutions and the way ahead is going to be painful and difficult. The key would be to build on our strengths.

Moderation in Growth...



Source: GDP Growth Rate - Ministry of Statistics and Programme Implementation

India is blessed with a strong base of producers, consumers, entrepreneurs and institutions, each of which build on each other to generate growth and prosperity. While recent macro-economic events have impacted and could potentially impact growth in the short to medium term, we continue to have all the ingredients in place to deliver sustained long term growth, growth which would bring millions out of deprivation

Private Equity will have a key role to play in this transformation, in efficiently channelising capital to businesses best placed to take advantage and drive this growth. It is encouraging to note that policy makers are evaluating a series of steps to restore the credibility of India's growth story. We look forward to the resurgence of our economic growth and the consequent recovery of investor interest in the Indian markets

With Regards

Mr. S M Datta

Chairman

June 1, 2012

...and weakness in Key Parameters

Key Parameters	FY2011	FY2012
Inbound FDI (US\$ bn)	32.9	34.8
Net FII Investment (US\$ bn)	32.2	18.9
Export Growth	37.5%	21%
Import Growth	21.6%	32.2%
Trade balance (US\$ bn)	-104.4	-184.9
Fiscal Deficit (INR bn)	3736	5220
Sovereign Rating	BBB-/Stable	BBB-/Negative

Source: IMA India

“ The key to growth would be to build on our strengths. India is blessed with a strong base of producers, consumers, entrepreneurs and institutions, each of which build on each other to generate growth and prosperity. Private Equity will have a key role to play in this transformation, in efficiently channelising capital to businesses best placed to take advantage and drive this growth ”



Dr. Archana Hingorani
Chief Executive Officer & Executive Director

Business Highlights

₹ 18.8bn

Invested in FY2012

₹ 5.2bn

Divested in FY2012

“We are cognizant of this challenging global and local environment. We, however, also remain confident of our ability to manage and adapt to this dynamic situation”

Dear Shareholders,

The world economy faced headwinds throughout the last financial year and continues to be in a state of disarray. Fiscal and financial uncertainty in the Euro area and the slow recovery in advanced economies remains a concern. More importantly, the developing economies, especially the growth power houses of China, Brazil and India have also started to de-accelerate. In India, fiscal deficit and an increasing subsidy burden, interest rates and inflation, weakening rupee and volatile foreign flows have all grabbed headlines. These factors have resulted in weak industrial growth, scaled down capital expenditures and a general dip in business confidence

The immediate and a more visible impact has been on the public markets, which have been generally directionless, though with a downward bias. Risk appetite has suffered and investors have been seeking perceived safer havens, away from offshore markets and back into home markets. These events have directly and adversely impacted the Private Equity industry as well. Private Equity fund raising in India has hit 7 year lows. Your Company's fund raising plans have also been impacted as well. We have been on the road for raising three new Funds. However, despite deep relationships with global investors and depth of our experience in the Indian markets, we have met with limited success. While fund raise timelines have been delayed, we continue to engage with investors and are working towards attainment of First Close for some of the new Funds during the first half of the present financial year

While business and investment environment is cyclical by nature, and concerns of risk averse investors can be addressed by a process of continuous engagement, the regulatory regime does have a long term impact on the growth prospects of the industry. Recent announcements in relation to retrospective change in rules to bring under the tax ambit offshore transactions involving Indian assets

and introduction of General Anti-Avoidance Rules (GAAR), have been perceived as a negative by offshore investors. While the GAAR implementation has been put back by a year, the overhang and the uncertainty arising from the form which the GAAR implementation would take next year weighs heavy on the decision making of our Fund investors, a process which has already been impacted on account of adverse India specific news flow. On the other hand Securities and Exchange Board of India (SEBI) has issued Alternative Investment Fund (AIF) guidelines which has taken into account various concerns expressed by the PE industry on the initial draft. This would provide a degree of clarity to the Fund Management industry

In such challenging times, having a strong on the ground network, and a rich experience across business cycles has helped your Company remain focused on its primary objective of delivering value in its Fund investments. Our conviction in the overall India growth story remains. Recognizing the opportunities which are being thrown up by a growing and vibrant economy, by its rising consumption levels and its spirited entrepreneurs, we have continued to invest. Our investments during FY2012 aggregated ₹ 18.8 bn, compared to ₹ 8.3 bn in FY2011. Likewise, despite lackadaisical performance of public markets, we have been able to craft exits aggregating ₹ 5.2 bn during FY2012

Going forward, a host of dynamic, interplaying and extraneous factors could have a significant macro economic impact during this year, an impact which would also play significantly into your Company's ability to attain its objectives as well. We are cognizant of this challenging global and local environment. We, however, also remain confident of our ability to manage and adapt to this dynamic situation. New fund products, leveraging different geographies of Middle East and Singapore, where our subsidiaries have opened offices, working with our investee companies to generate exits etc. are a part of our ongoing, continuous and diligent effort to build a portfolio spanning all aspects of the Indian economy and to generate value for our stakeholders. I would like to thank you all for your continued support and recognition of our efforts in this direction

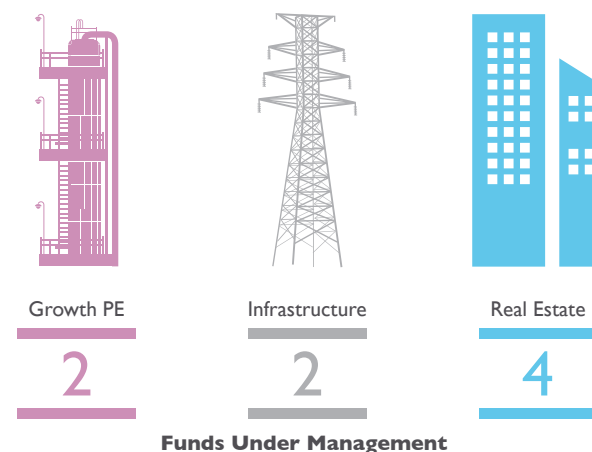
With Regards

Dr. Archana Hingorani

Chief Executive Officer & Executive Director

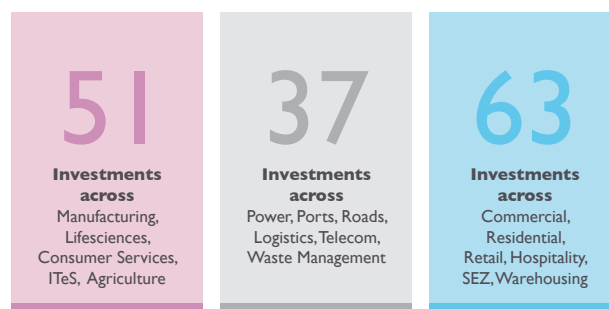
May 29, 2012

Cross Sectoral Funds & Investments



US\$ 3.2bn

Assets Under Management



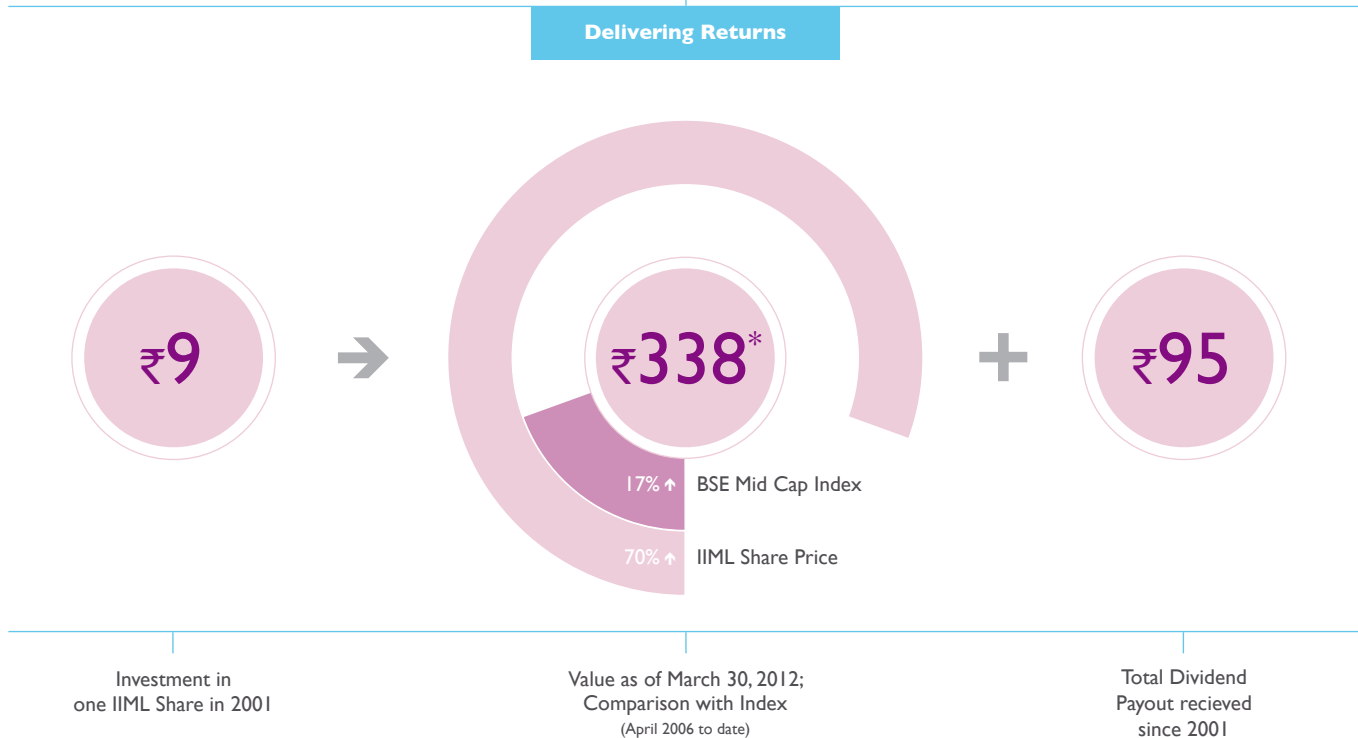
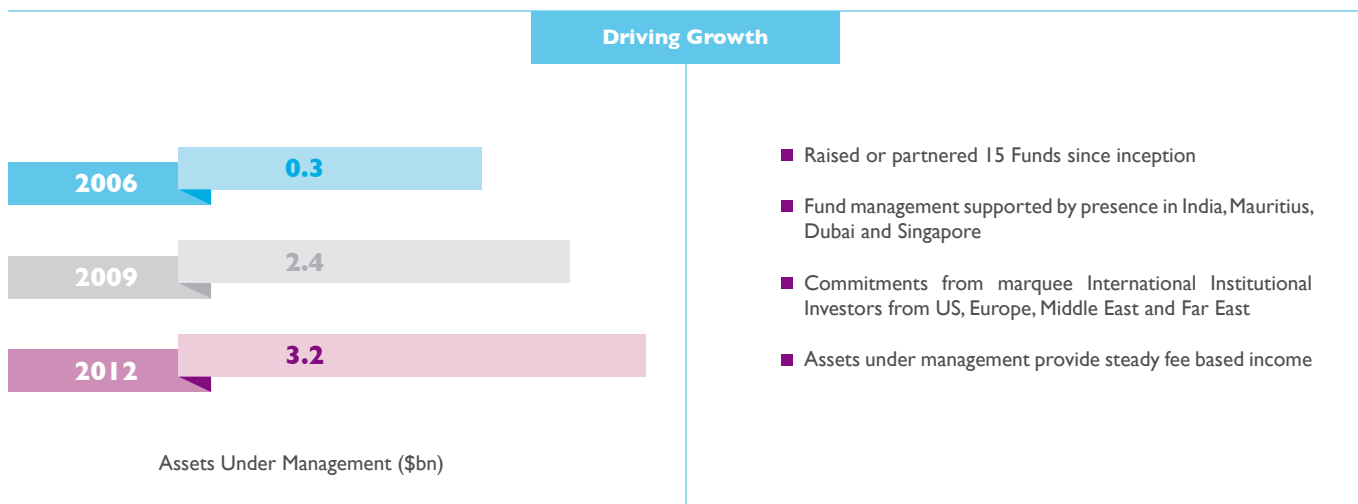
Over time, a well diversified portfolio of investments spanning all aspects of the Indian economy has been constructed. Primarily organized along 3 verticals, each vertical has undertaken investments across a host of sub-sectors

FINANCIAL HIGHLIGHTS

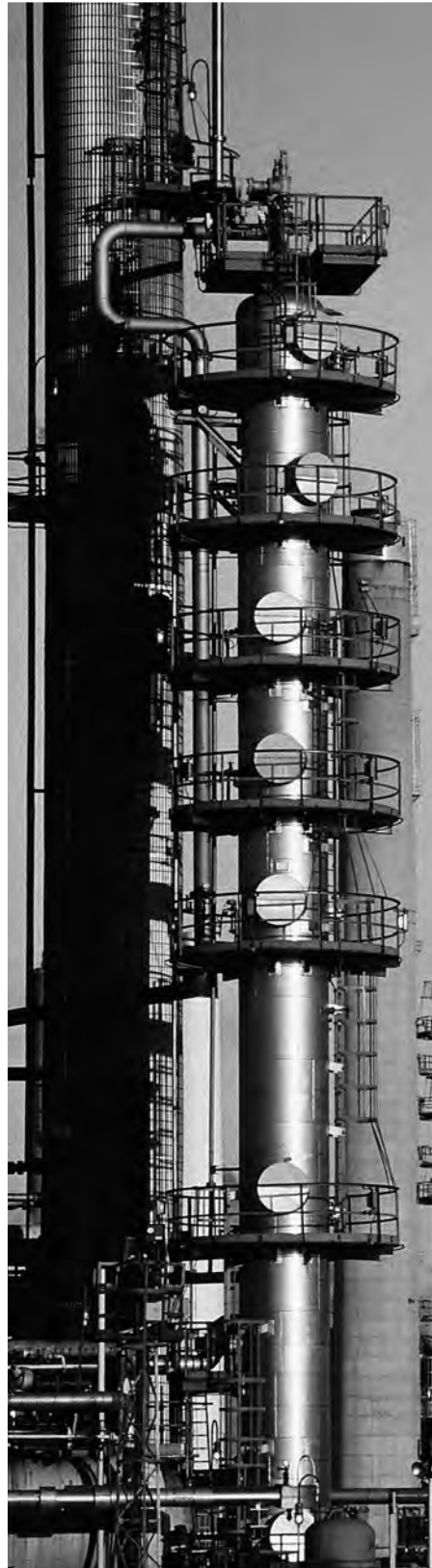
₹ mn

CONSOLIDATED FINANCIALS	FY2008	FY2009	FY2010	FY2011	FY2012
Total Income	1,057	1,642	1,813	2,012	2,247
Total Operating Cost	490	578	680	830	1,022
PBT	466	846	957	905	953
PAT	320	622	738	690	735
PAT (%)	30	38	41	34	33
EPS * (₹)	2.46	3.13	3.69	3.39	3.56

* Face Value of ₹ 2 per share. Adjusted for 1:2 Bonus Issuances in FY2007 and FY2009



* Face Value of ₹ 2 per share. Adjusted for 1:2 Bonus Issuances in FY2007 and FY2009



HARVESTING GROWTH :
PORTFOLIO CONSTRUCT & STRATEGY

GROWTH PRIVATE EQUITY



Despite significant headwinds, India continues to showcase a relatively higher growth compared to the rest of the global economies. India's sustained growth has been supported by economic diversification and an expanding domestic market. International companies continue to be drawn to the country's global cost competitiveness and its abundant, well-educated labour pool

India's competitive advantage is expected to be bolstered by an increase of 270 mn people in its working-age population (equivalent to over four times the total population of the United Kingdom today) over the next two decades. India is also experiencing an unprecedented expansion of its middle class, the size of which is forecast to triple over the next 15 years. This will have a significant impact on GDP and enable more businesses to expand and new businesses to take root

The Private Equity (PE) market opportunity therefore lies in sectors that are expected to benefit from the rising domestic consumer demand and the growing "consumer culture" such as the consumer services, infrastructure services, healthcare and pharmaceutical industries. These sectors have witnessed emergence of first generation entrepreneurs, whose growth ambition is only limited by the capital availability, a gap which is addressed effectively by PE

PE investments in India have grown from a few hundred million during early 2000s to ~\$ 10 bn in 2011. PE investments not only bring in capital but also expertise in building governance frameworks, assisting financial structuring, developing an organizational framework to support growth, providing strategic inputs and the network to drive growth beyond the Company's past secular growth trends and enabling liquidity / value realization for all stakeholders

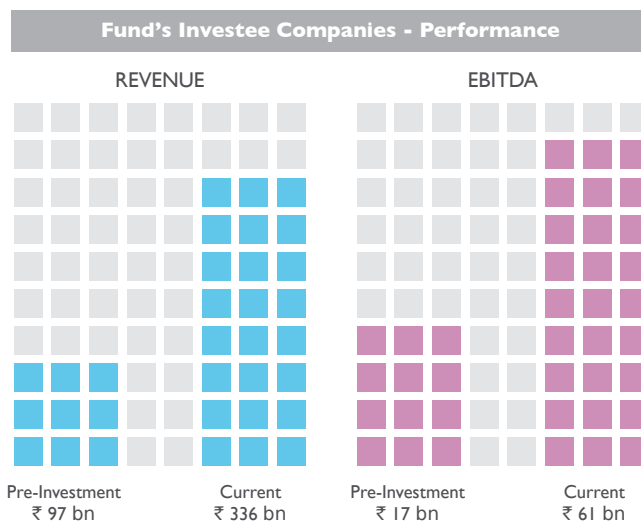
Leveraging the above investment thesis, IIML's private equity practice primarily targets Indian middle-market companies that are managed by successful entrepreneurs who enjoy a proven track record, and have a favourable competitive position and attractive growth prospects. IIML therefore evaluates investments across a diversified range of high-growth sectors

Over the last decade and a half, IIML has replicated this investment strategy across 4 Funds

I	1997	40	Fully Divested
II	2005	154	Partly Divested
III	2008	225	Invested
IV	2012		Fund Raising

Fund size in US\$ mn. Size of Fund I pertains to the 6 Investments managed by IIML

IIML's PE investments are largely in post-revenue companies that are at an inflection point of their growth curve. IIML has focused on identifying established management teams that display strong leadership, are dedicated to their business and have generated strong results. IIML has been able to deliver on this investment thesis - revenue growth of IIML's investee companies has been 39% p.a. for Fund II companies and 34% p.a. for Fund III companies



This growth is reflected in the investments returns as well - the 6 investments managed by IIML in Fund I generated a gross IRR and gross cash multiple of 27.2% and 3.6x respectively. Likewise Fund II has generated a gross IRR and gross cash multiple of 42.9% and 2.4x respectively for the 11 realized exits. However, volatility in the capital markets has impacted the underlying Fund valuations, especially

Mid-cap companies likely to grow at a faster pace



Attractive valuations vs. large-cap peers

Global PE managers lack local presence and network



Disadvantaged to target mid-caps; lower competition

Institutional investors underweight in listed mid-cap stocks



Improved liquidity upon attaining growth objectives



- Discipline to invest at or below market value
- Commitment to protecting downside risk
- Ability to work with management teams
- Focus on clearly defined exits

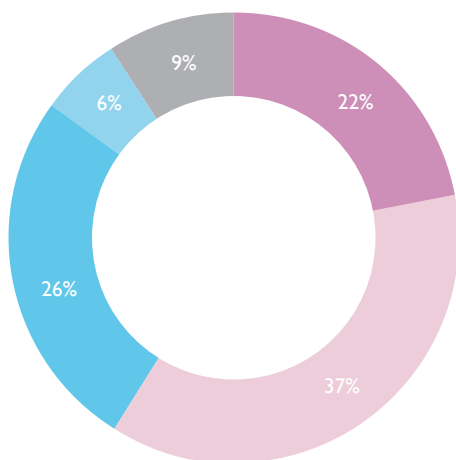
given that a significant part of the balance portfolio is listed. A slowdown in the Indian economy would impact the operational performance of the Fund's investee companies and as a result, investment returns are expected to moderate and divestment timelines elongated

While the recent global and local events have indeed cast a shadow on India's growth prospects, resulting in a sharp

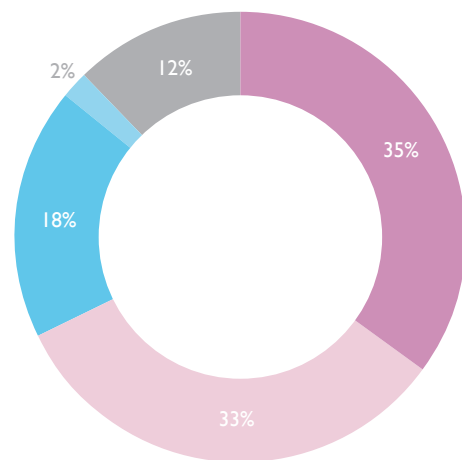
correction in valuations, the current scenario also provides attractive entry opportunities for long term patient capital. IIML seeks to capitalize on this opportunity by reaching out to domestic and international investors, building on the lineage of its previous PE Fund and actively deploying capital across a cross section of sectors in the Indian economy

Investments Across Sectors

By Investment Amount



By Number of Investments



■ IT & ITES ■ RETAIL & MEDIA ■ LIFE SCIENCES
■ MANUFACTURING ■ AGRICULTURE

The combination of under penetration and pent up demand has been and will be one of the key drivers of growth in the years to come in India

INFRASTRUCTURE



Indian infrastructure requirements are humungous. The 12th Five Year Plan envisages an aggregate investment of ₹ 45.6 tn, an increase of 122% over the previous Plan period. More importantly, ~50% of this investment is expected from the private sector by way of Public Private Participation (PPP) projects based on long term concessions

Infrastructure projects are characterised by long term concessions, significant upfront capital expenditures, initial gestation period followed by a predictable revenue stream and cash flows. Long term capital is therefore imperative for ensuring viability. Patient equity and long term debt therefore need to play a key role for the sector's success

IIML recognized this need early on when PPP projects began to take shape in early 2000s. Over the last decade, IIML has emerged as the first mover in various infrastructure sectors

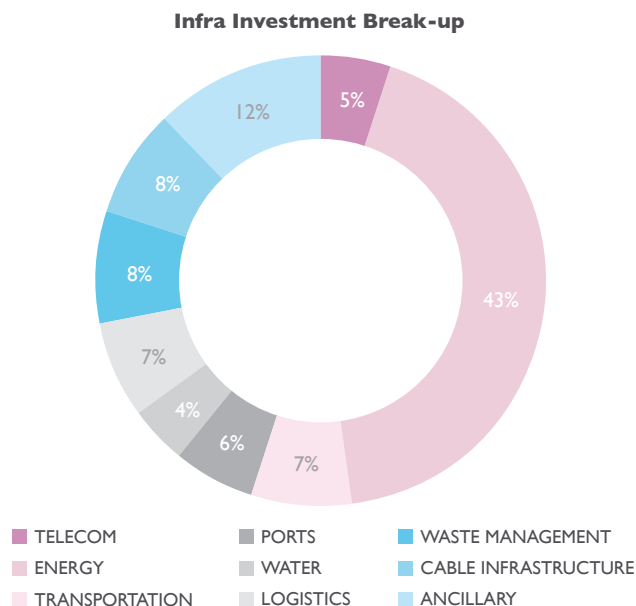
IIML has managed 3 infrastructure focused funds and presently invests in the sector through the US\$ 658 mn SCI Asia Infrastructure Fund, a joint venture fund in partnership with Standard Chartered Bank. In all, IIML has undertaken 37 infrastructure investments aggregating over ₹ 26 bn and is presently invested across transportation, maritime, power, city gas distribution, agri-warehousing, container logistics and waste management sectors

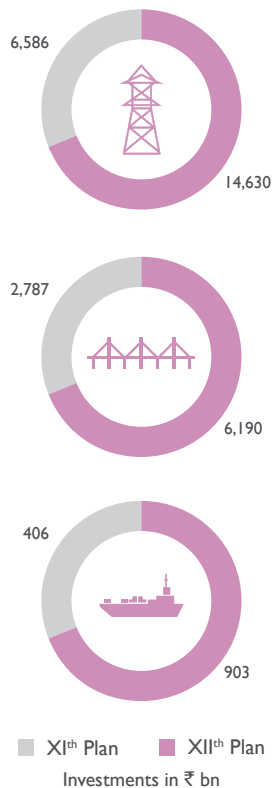
Over this period, IIML has seen evolution of an eco system of private project developers, private equity providers and institutions for accessing public funding of infrastructure projects. However, while there has been significant private participation across infrastructure, the Indian economy still continues to face challenges due to lack of physical infrastructure, thus providing attractive opportunities to deploy risk capital

The sector has, in the recent past, been plagued by headwinds in the form of tight liquidity, high financing costs and longer lead time in obtaining approvals and undertaking land acquisition. These have negatively impacted sentiment and new project development. There is a established link between infrastructure development and economic growth. Spending on infrastructure in India and China has produced a multiplier effect on GDP between 1.25 and 1.5 times. There is therefore a need for rejuvenating the investment cycle in India

PPP frameworks in development of urban infrastructure, an area which has till now seen limited private participation, could be one starting point. India, like most other developing countries, is witnessing an increasing trend towards urbanisation. The growing cities will demand

IIML's Pioneering Investments	1998	Telecom Hutchison Max Telecom (now Vodafone)
	2000	City Gas Indraprastha Gas
	2000	Roads Noida Toll Bridge Company
	2001	Water Vizag Water Supply Company
	2004	Railways Pipavav Railway Corporation
	2009	Waste Management Ramky Enviro Engineers
	2011	Agricultural Warehousing JICS Logistic Limited





POWER

- 5th largest generation capacity in the world (199 GW); yet per capita consumption ~1/3rd of China and ~1/4th of the world average
- Power deficit of ~10% in 2011; high transmission and distribution losses (~40%)
- Estimated requirement of 100 GW of additional capacity in the next 5 years; private sector contribution expected at 51%

ROADS

- World's 2nd largest road network; yet ~50% is not paved; ~30% of national and state highways are heavily congested. The National Highway network comprises less than 2% of India's total road network, and handles 40% of the total traffic
- Vehicles have increased nearly 9x over the last two decades
- 44% of road investments required in next 5 years to come from the private sector

PORTS

- Over 70% of India's foreign trade is through the sea route. Traffic in Indian ports has increased at a CAGR of 8% since 2007
- Major ports suffer from high capacity utilizations, congestions, high turnaround time and handling costs resulting in inefficiencies
- Maritime Agenda 2020 envisages an investment of ₹ 3tn by 2020 towards development and expansion of berths with a target to develop a 3.2 bn tones capacity (up from ~1 bn tones at present)

infrastructure - housing, sanitation, water, transport, power and communication. Enabling participation on provision of these services would be key to improving the quality of life. Another aspect in kick starting the infrastructure investment cycle would be to ensure that projects are not starved for capital. Infrastructure lending in India has, however, been confined to banks, which in turn face challenges in providing longer dated debt on account of an asset liability mismatch. On the other hand, insurance and pension funds, which have access to longer term funds have not participated in funding projects on account of risk perceptions. The bond market has also not matured sufficiently for addressing the needs of such projects. These factors increase the cost of debt. Shorter tenors of bank funding also exerts cash flow pressures in the initial stabilisation years, thereby impacting viability.

There is therefore a need for establishing dedicated Infrastructure Development Funds (IDFs). IL&FS has initiated efforts in this direction in close coordination with other arms of the IL&FS Group. IIML's fund management

and investment monitoring experience will also be utilised as part of this initiative to efficiently channelise long term resources into the infrastructure sector.

IIML is also one among a few infrastructure Fund Managers which have seen multiple funds and market cycles. Since inception, IIML has divested from 2 infrastructure / infrastructure focussed funds and has provided attractive returns of 23-27% to the fund investors. On an overall basis, of the 37 infrastructure investments, 27 investments have had liquidity events - either through full / partial divestments or by way of listing on the Stock Exchanges. Of the 27 investments which have had liquidity events, 20 investments have been fully divested, realising a gross return of 28% p.a., with a cash multiple of 1.9x.

IIML will continue to leverage its skills and its parentage to capitalise on infrastructure opportunities by building fund products which cater to each category and every stage of an infrastructure project.

While there has been significant private participation across infrastructure, the Indian economy still continues to face challenges due to lack of physical infrastructure, thus providing attractive opportunities to deploy risk capital.



The real estate sector in India can be split in two distinct time lines. Pre 2005, the sector was unorganized and fragmented, and largely a local play. Further, lack of access to financing and other constraints led to properties developed not being upto the mark, either in terms of quality or scale. Post issuance of a sector policy framework (Press Note 2), the sector has become one of the key recipients of Foreign Direct Investment (FDI) and has seen a significant transition

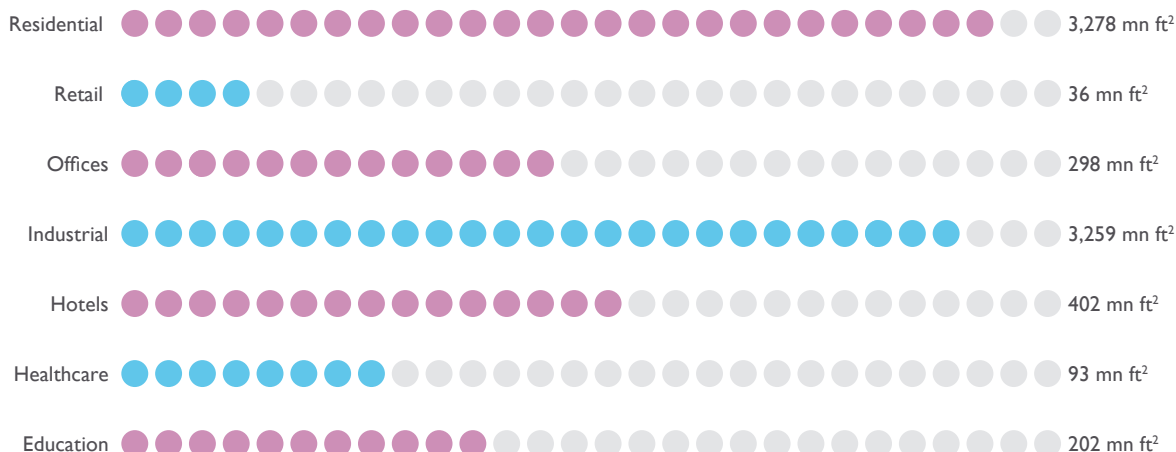
With FDI receipts in excess of US\$ 10 bn since 2005, the sector has grown along the maturity curve in terms of the quality and the size of development. The introduction of best in class technology and capabilities has enabled Indian developers to bring forth significant improvement in the product brought to the market

IIML was among the first to take advantage of the sector opening up to foreign investment. IIML established the first real estate focused fund in India - IL&FS India Realty Fund I (IIRF I) in 2006, well before the entry of most of the Real Estate players. Since then, IIML has built a portfolio of four Real Estate Funds, which in aggregate have over US\$ 1.8 bn under management, making IIML one of the largest players in the Indian Real Estate Private Equity industry

These Funds have invested across all major cities in India and across asset classes like Residential, Commercial, Retail and Hospitality. Many of these investments have been pioneering and include investments in Slum Rehabilitation, Tenant Rehabilitation, Asset Buyouts, Secondary Buyouts and adaptive re-use of Industrial Land. The Funds also have investments in development companies, in PPP models and with premier developers in the industry with a clear focus to create value enhancing and high quality developments. IIML, being a front runner in the sector, also recognized the need for a professionally owned and managed real estate development company which could deliver Quality and Value, with a Customer focus. Thus was born QVC Realty, the first real estate company incubated by a Real Estate Fund. Funds managed by IIML not only capitalised the company, it also staffed it with experienced professionals. Likewise, IIML has been one of the first Indian Fund Managers to have invested foreign capital in yield generating stabilised assets. Initiatives such as these have propelled IIML as a thought leader in this emerging sector

The real estate sector globally has seen a challenging period since the Global Financial Crisis and has struggled to see the peaks of early 2008 in most countries. Whilst

Annual Incremental Demand Estimated Across Sectors (2011)



Total estimated incremental demand for real estate **7,566 mn ft²**

Source: RICS Research

the sector does continue to struggle against macro headwinds in India, it also continues to witness a strong pent up demand though coupled with low translation into sales and therefore stretched cash flows. High prices in the residential sector coupled with a high interest regime have translated in weaker demand from end users. In the commercial and retail real estate sector whilst demand continues to grow, revenues remain weak. It is expected that as interest rates soften and developers cut revenue expectations to improve the quality of their balance sheets and cash flow, affordability will improve leading to higher absorption in the sector

However, inspite of the headwinds, assets owned by Funds managed by IIML continue to show traction. IIML Funds manage over 60 well diversified assets across multiple asset classes and geographies. The Funds have made attractive risk mitigated investments and are in an asset management mode. In a difficult year, IIML Funds have been able to commit capital of ₹ 13 bn and have also managed to record exits/ liquidity events of over ₹ 4.5 bn during the year. A large residential portfolio which is self liquidating in nature, coupled with an improvement in the macroeconomic scenario, would translate into the portfolio generating attractive returns for the Funds

India is rapidly urbanizing and this will be a key growth driver for the industry in the long run. Improved corporate governance, increased transparency and standardisation of policies and procedures across the country would be the key enablers for the industry. Such measures will not only release the pent up end-user demand but also encourage fresh flow of long term quality capital in the sector. IIML is well placed to take advantage of this growth, to leverage and channelise the expected flow of funds into the sector

IL&FS India Realty Fund (Fund I) : 2006 : US \$ 525 mn

- First international fund for overseas and Indian institutional investors focussed on real estate
- Reputed Indian investors like LIC, GIC, Oriental Insurance, United India Insurance, Corporation Bank & IDBI Bank
- One Full exit and 4 Partial exits made

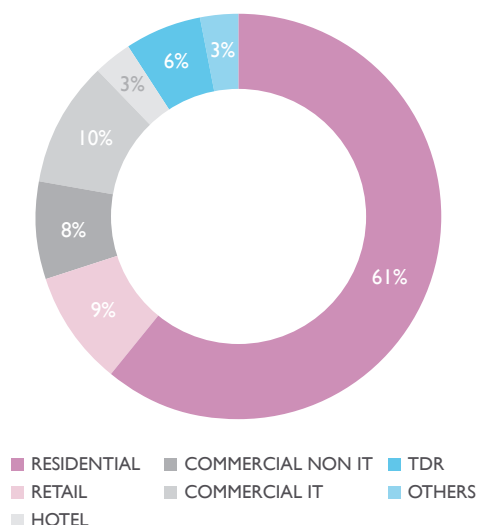
IL&FS India Realty Fund II (Fund II) : 2008 : US \$ 895 mn

- Largest Indian real estate fund raised during difficult market conditions
- Repeat investments from the largest institutional investors of Fund I including from marquee US based Pension funds
- Fully committed across 30 investments, Currently in asset management mode
- One Full exit and 2 Partial exits made

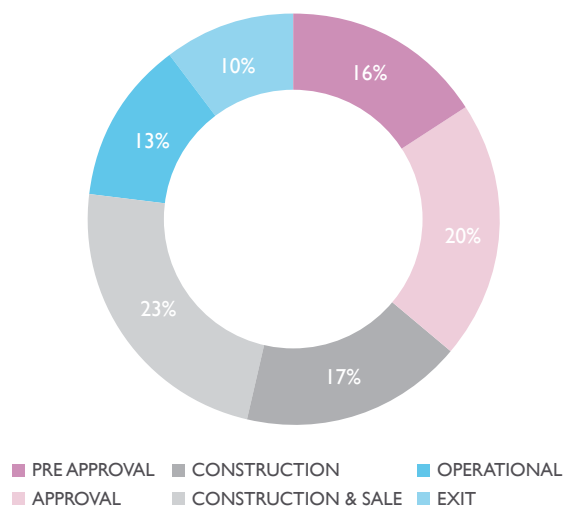
Others

- Acquired two funds from Saffron Group in November 2010 : US\$ 415mn
- Yield Fund Joint Venture : 2007 onwards : US\$ 219 mn

Investments by Development Type



Investments by Development Stage



CORPORATE SOCIAL RESPONSIBILITY

IIML's Corporate Social Responsibility (CSR) initiative, "Akshata", seeks to make a difference in the quality of life of people under its extended circle of influence. This is being primarily done through Non Government Organizations (NGOs)

Mumbai Mobile Creches (MMC): Providing Educational support to children of construction workers

Masoom: Enabling night school students achieve their full potential through educational & policy support

Sunbeam: Bolstering the quality of education provided to children from less privileged backgrounds

Apart from providing financial support to the three NGO partners, IIML and its employees, in their individual capacity, contribute time and resources towards promoting the objective of Akshata

- Worked with the NGOs to **upgrade the quality of educational aids**
- Participated in various engagement events at some of the construction sites where Mumbai Mobile Creches is present. Two IIML employees **celebrated their family's events** (birthdays etc.) at centres of Mumbai Mobile Creches
- Instrumental in **instituting a scholarship programme** for SSC passout students of Masoom wherein they are being given quality vocational coaching in areas of their interest. Seven students were funded in FY2012 for admission to vocational courses such as software, hardware, nursing etc.
- Supported Sunbeam in **funding the education** of 180 economically less privileged kindergarten students at their Worli Centre
- Organised **Diwali collection drive** wherein books, clothes and toys were collected from IIML employees, which were then distributed to students of Mumbai Mobile Creches
- One employee **took classes** for conversational English for Masoom's Vidyamandir school at Wadala



Studies @ Mumbai Mobile Creches

- An IIML employee **sponsored school uniforms** for students of one class for Masoom
- Helped Mumbai Mobile Creche **establish contacts** with IIML Fund's investee companies for expanding their creche coverage across more construction sites
- Assisted in **organising annual camp programme** for Mumbai Mobile Creches during Christmas week for ~450 children at Marve
- Helped Masoom in their **school rating and upgradation** programme

IIML and its employees will continue to build Akshata - both as a corporate level CSR program as well as by way of direct involvement of its employees



MMC's Annual Camp
December 2011 at Marve



“ Mumbai Mobile Creches has had the privilege of working closely with IIML over the last year and has developed a wonderful relationship. Not only have they become funders of our programme, but we have developed a robust volunteering programme as well. They play with the children and have held excellent events for MMC. We look forward to our continued partnership ”

Vrishali Pispati
CEO



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Directors' Report

To The Members

IL&FS Investment Managers Limited

Your Directors have pleasure in presenting for your consideration and approval the Twenty Sixth Annual Report with the Audited Financials of the Company for the year ended March 31, 2012

FINANCIAL ACHIEVEMENTS AND DIVIDEND

	For the year ended March 31, 2012 (₹ mn)	For the year ended March 31, 2011 (₹ mn)	For the year ended March 31, 2012 (₹ mn)	For the year ended March 31, 2011 (₹ mn)
	Standalone	Standalone	Consolidated	Consolidated
Total Income	1042.75	949.44	2247.01	2,012.19
Profit before Taxation	575.64	554.53	953.14	905.19
Provision for Taxation	165.21	180.47	215.04	212.27
Net Profit after Taxation	410.43	374.06	735.33*	690.20*
Profit available for appropriation (Inclusive of balance carried forward from the previous year)	515.66	501.71	1811.05	1,472.20
Appropriations :				
General Reserve	42.00	38.00	42.00	38.00
Dividend (inclusive of dividend tax)	363.09	358.48	363.09	358.48

* after Minority Interest

DIVIDEND

During the year, your Company achieved a net profit after tax of ₹ 410.43 mn. Your Directors recommend a dividend of ₹ 1.50 per share of face value ₹ 2/- each. The total amount of dividend is ₹ 363.09 mn (inclusive of dividend tax of ₹ 50.68 mn)

REVIEW OF OPERATIONS

The year under review has been characterized by a rapidly cooling global economy. Global output expanded at a slower pace of 3.5% in 2012, compared to 3.9% in 2011 and 5.3% in 2010. More particularly, growth in emerging and developing economies has also started to slow down from the second quarter of 2011. According to recent United Nations estimates, growth in emerging and developing economies is expected to average 5.75% during 2012 - significant slowdown from the 6.75% growth registered during 2011

The Indian economy is not impervious to these global macro-economic dynamics. The Index of Industrial Production (IIP) has been volatile throughout FY2012 and the third quarter FY2012 GDP growth numbers, at 6.1%, are the lowest since Q4 FY2009. It is expected that the slowdown in GDP growth witnessed over the last two quarters is likely to extend into FY2013 on account of the weakness in investments. Government's limited ability to contain the subsidy burden coupled with slower growth is expected to result in higher fiscal deficit, thereby exerting further pressure on the Rupee and capital flows

Compounding these issues has been recent announcements of changes in tax rules including retrospective changes in relation to offshore transactions. Such changes in rules have only added to the increasing discomfort of foreign investors, which is reflected in the Indian Private Equity (PE) environment. PE Fund raises in India have hit a 7 year low, PE investments during 2011 are down 37% compared to 2007 and PE exits have slowed down compared to the previous year

The resultant general risk aversion and cautious approach being adopted by global investors has impacted your Company's fund raise plans. During the year under review, your Company had limited success with global investors, who while recognizing the Company's track record and experience, have deferred investment plans. As a result, your Company could not attain the targeted First Close for any new Funds during the year. However, building on its leadership position in the PE space in India, your Company deployed ₹18.8 bn across 19 investments during the year under review, a marked increase compared to ₹ 8.3 bn invested during the previous year

With the US\$ 895 mn IL&FS India Real Estate Fund II and the US\$ 225 mn Tara India Fund III fully deployed during the year, the Fund teams have begun to focus exclusively on asset management to ensure that the investments made generate strong returns. As a result, your Company leveraged multiple exit strategies to effect divestments aggregating ₹ 5.2 bn across 8 Investee Companies during the year under review

Directors' Report

Despite the flat Assets Under Management (AUM) during the year under review and significant divestments undertaken during the year, your Company, on the back of its strong business model, was able to prevent erosion in financial performance

On a consolidated basis, the Income from Operations of the Company for the Financial Year 2011-2012 was ₹ 2205.68 mn, inclusive of Income from Investments of ₹ 79.81 mn. Other Income was ₹ 41.33 mn, the Total Income on a consolidated basis for the Financial Year 2011-2012 was ₹ 2247.01 mn. The resultant Profit after Tax on a consolidated basis for the Financial Year 2011-2012 was ₹ 735.33 mn (after minority interest)

On a standalone basis, the Income from Operations of the Company for the Financial Year 2011-2012 was ₹ 1026.19 mn, inclusive of Income from Investments of ₹ 174.10 mn. Other Income of ₹ 16.57 mn, the Total Income of the Company for the Financial Year 2011-2012 was ₹ 1042.75 mn. The total Operating Expenses for the year were ₹ 467.11 mn and the resultant Profit after Tax for the Financial Year 2011-2012 was ₹ 410.43 mn

FUTURE OUTLOOK

The underlying factors which have created financial stress and have resulted in growth moderation continue to be at play. More particularly for India, Investors will closely look at Government's policy action in enabling investments on one hand and outcome of contentions issues including retrospective taxation and GAAR on the other. These will be key determinants to the timelines associated with your Company's Fund raise plans. Your Company, however, continues to reach out to investors and, in a 'business as usual' scenario, expects to obtain commitments for at least two Funds by the first half of FY2013

Likewise, policy action and macro-economic scenario will determine your Company's ability to effect divestments within anticipated timelines and at expected valuations. Your Company will continue to focus on executing its divestment plan which comprises of exits from some of its listed portfolio along with planned exits by way of trade sale and IPOs in a manner that divestment momentum of the year under review is also being maintained during FY2013. The Fund teams are focused on reducing divestment timelines and on value maximization

Your Company has also been working on various strategic initiatives. Post investing the balance funds from its Infrastructure Fund, your Company has plans for new Fund raises in the Infrastructure and Real Estate space. Your Company also plans to operationalise its subsidiary's office in Singapore, in early FY2013, which will along with the Dubai office then be leveraged to reach out to investors and address the new Fund raise requirements. Given the nature of such strategic initiatives and the prevalent environment, gestation periods are expected to be longer and spread across fiscals

DIRECTORS

Mr Shahzaad Dalal, Mr S M Datta, and Mr Banshi Mehta shall retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment

STATUTORY AUDITORS

The Statutory Auditors of the Company M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai, retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to continue as Auditors, if re-appointed, at the ensuing Annual General Meeting of the Company

The Company has also received a certificate from M/s Deloitte Haskins & Sells under Section 224(1B) of the Companies Act, 1956 confirming their eligibility for re-appointment. M/s Deloitte Haskins & Sells, Mumbai, have also confirmed to the Company that the firm is subjected to the Peer Review Process of the Institute of Chartered Accountants of India

INCREASE IN SHARE CAPITAL

During the year your Company allotted 2,649,155 Equity Shares of ₹ 2/- each on the exercise of Options issued under the Employee Stock Option Plans 2004 & 2006

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance along with the Management Discussion and Analysis and Auditors' Certificate on compliance with the Corporate Governance requirements have been included in this Annual Report as separate sections

SUBSIDIARY COMPANIES

Your Company has three domestic subsidiaries namely, IL&FS Asian Infrastructure Managers Limited, IL&FS Urban Infrastructure Managers Limited and IIML Asset Advisors Limited and three offshore subsidiaries namely IL&FS Investment Advisors LLC, Mauritius, IIML Advisors LLC, Mauritius and IIML Fund Managers (Singapore) Pte. Ltd., Singapore

The Ministry of Corporate Affairs vide General Circular No. 2/2011 file No. 51/12/2007-CL-III dated February 8, 2011, had issued directions under Section 212(8) of the Companies Act, 1956 to grant a general exemption from attaching the financials along with the Directors' Report and the Auditors' Report of the subsidiary companies to the financials of the holding company on fulfillment of certain conditions. In compliance with the said circular of the Ministry of Corporate Affairs, the Company has attached a summary of the financial statements of each of the Subsidiary Companies

As per Clause 32 of the Listing Agreement the consolidated financial statements of the Company with its Subsidiaries form part of the Annual Report. The copies of the audited annual accounts of the Company's Subsidiaries and other related documents can also be sought by any member of the Company or its Subsidiaries on making a written request to the Company Secretary in this regard. The Annual Accounts of the Subsidiary Companies are also available for inspection by any member at the Company's and/or the concerned Subsidiaries' registered office

Review of Operations of Subsidiary Companies

IL&FS Asian Infrastructure Managers Limited :

IL&FS Asian Infrastructure Managers Limited (IAIML) had been set up to manage Pan Asia Project Development Fund, India (the Fund). The Fund, having a corpus of ₹ 1,125 mn, had the mandate to support initiatives for development of infrastructure projects in the Asian region. IAIML is playing an active role in managing and monitoring the investments made by the Fund. Of the 7 investments undertaken, the Fund has, till date, exited 2 investments, representing 26.6% of the portfolio by value. The exits have provided gross IRR of 23.3%

The Total Income for Financial Year 2011-2012 was ₹ 20.03 mn inclusive of Income from Investments and Other Income of ₹ 3.9 mn. The Total Expenses of IAIML for the year were ₹ 13.41 mn and the resultant Profit after tax for the year was ₹ 5.66 mn

IL&FS Urban Infrastructure Managers Limited :

IL&FS Urban Infrastructure Managers Limited (IUIML) functions as the Asset Manager for the Pooled Municipal Debt Obligations (PMDO) Facility. The objective of the PMDO Facility is to provide long tenure term loans to meet the debt requirements of urban infrastructure projects across cities in India

As per the amended MOU signed on May 9, 2011, the corpus of PMDO Facility stands at ₹ 50 bn and a new lender Indian Overseas Bank has joined the consortium with a commitment of ₹ 2.5 bn

IUIML's role as an Asset Manager is to identify and appraise the eligible projects and obtain sanctions of the lenders and thereafter assist the lenders to disburse, monitor and administer the loan assets until entire repayment of the loan

By March 31, 2012, projects for a term loan of ₹ 35.69 bn have been sanctioned from the PMDO facility and the assets under management were at ₹ 11.69 bn

The Total Income for the Financial Year 2011-2012 was ₹ 130.21 mn inclusive of Income from Investments and Other Income of ₹ 3.78 mn. The Total Expenses of IUIML for the year were ₹ 73.58 mn and the resultant Profit after Tax for the year was ₹ 38.03 mn

IIML Asset Advisors Limited (formerly known as IIML Asset Advisors Private Limited) :

IIML Asset Advisors Limited (IAAL) is in the business of providing advice on investments, finance, management and consultancy and acts as a India Advisor to IL&FS Investment Advisors LLC for two funds

The Total Income of IAAL for the Financial Year 2010-2011 was ₹ 111.86 mn. The Total Expenses of IAAL for the year were ₹ 84.73 mn and the resultant Profit after Tax for the year was ₹ 19.05 mn

IL&FS Investment Advisors LLC :

IL&FS Investment Advisors LLC, Mauritius (IIAL) acts as the Investment Manager to IL&FS India Realty Fund LLC, Tara India Fund III LLC, IL&FS India Realty Fund II LLC, K2 Property Limited, Saffron India Real Estate Fund I and Tara India Fund IV LLC

The Total Income of IIAL for the Financial Year 2011-2012 was US\$ 32.39 mn. The Total Expenses of IIAL for the year was US\$ 24.46 mn and the resultant Profit after Tax for the year was US\$ 7.63 mn

IIML Advisors LLC :

IIML Advisors LLC was incorporated during the year for the purpose of managing certain funds from Mauritius. The Company has not started operations yet

IIML Fund Managers (Singapore) Pte. Ltd. :

IIML Fund Managers (Singapore) Pte. Ltd. was incorporated during the year for the purposes of managing funds from Singapore. The Company is expected to contribute significantly over the coming years. The Company has not started operations yet

Directors' Report

DEPOSITS

Your Company has not accepted any deposits from the public for the year under consideration

FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding foreign expenditure and earnings appear as Item Nos. 22(c) and 22(d) respectively, of Notes to Accounts

Since the Company does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable

PERSONNEL

Your Directors wish to place on record their appreciation for the services rendered by the employees of the Company at all levels. The particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of the Directors' Report for the year ended March 31, 2012. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company

DETAILS OF EMPLOYEE STOCK OPTION PLANS

The detailed disclosures as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 of the ESOP Schemes of the Company are annexed to the Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors hereby confirm that :

- (a) in preparation of the annual accounts, the applicable accounting standards have been followed;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) the Annual Accounts for the year ended 31st March, 2012 have been prepared on a going concern basis

ACKNOWLEDGEMENT

The Board of Directors take this opportunity to thank the Investors of the funds under management, shareholders, employees, bankers, Reserve Bank of India, Securities and Exchange Board of India, other Regulatory authorities for their co-operation and continued support to the Company. We look forward to their continued patronage and encouragement in all our future endeavours

For and on behalf of the Board

S M DATTA
Chairman

Place: Mumbai
Date: May 3, 2012

Annexure to the Directors' Report

Details of Options issued under the Employee Stock Option Plans

The Members of the Company had approved the Employee Stock Option Scheme 2003 ("ESOP 2003") and the Employee Stock Option Scheme 2004 ("ESOP 2004") for granting Options to the Directors and employees of the Company and the Employee Stock Option Scheme 2006 ("ESOP 2006") for granting Options to the Directors and employees of the Company and the Holding and Subsidiary Companies of the Company

During the financial year 2011-2012, the Compensation Committee of the Company did not grant any Options under the above schemes

The particulars of the Options under ESOP 2003, ESOP 2004 and ESOP 2006 are as follows :

ESOP 2003

(1)	Options granted till date	:	9,012,550 Options
(2)	Pricing Formula	:	The Options have been granted as per the market price on the date of the Grant as defined in the SEBI Guidelines
(3)	Options Vested during the year	:	Nil Options
(4)	Options exercised during the year	:	Nil Options
(5)	Total number of shares arising as a result of exercise of Options	:	Not Applicable
(6)	Options lapsed during the year	:	Nil Options
(7)	Variation of terms of Options during the year	:	No variations during the year
(8)	Money realised by exercise of Options during the year	:	Not Applicable
(9)	Options vested but yet to be exercised	:	Nil Options
(10)	Options available for Grant in future	:	25,210 Options
(11)	Options granted during the Financial Year	:	Nil Options
(12)	Options granted to Senior Managerial Personnel and employees who received Options amounting to and in excess of 5% of the Options granted under ESOP 2003 during the financial year ended March 31, 2012	:	Nil Options

ESOP 2004

(1)	Options granted till date	:	16,875,000 Options
(2)	Pricing Formula	:	Market price on the date of the Grant as defined in the SEBI Guidelines or such other lower price as per the terms of the scheme
(3)	Options Vested during the year	:	Nil Options
(4)	Options exercised during the year	:	326,655 Options
(5)	Total number of shares arising as a result of exercise of Options	:	326,655 Shares
(6)	Options lapsed during the year	:	Nil Options
(7)	Variation of terms of Options	:	No variations during the year
(8)	Money realised by exercise of Options during the year	:	₹ 1,567,944/-
(9)	Options vested but yet to be exercised	:	Nil Options
(10)	Options available for Grant in future	:	87,285 Options
(11)	Options Granted during the Financial Year	:	Nil Options
(12)	Options granted to Senior Managerial Personnel and employees who received Options amounting to and in excess of 5% of the Options granted under ESOP 2004 during the financial year ended March 31, 2012	:	Nil Options

Annexure to the Directors' Report

ESOP 2006

(1)	Options granted till date	:	16,687,500 Options
(2)	Pricing Formula	:	The Options have been granted as per the market price on the date of the Grant as defined in the SEBI Guidelines
(3)	Options Vested during the year	:	Nil Options
(4)	Options exercised during the year	:	23,22,500 Options
(5)	Total number of shares arising as a result of exercise of Options	:	23,22,500 Shares
(6)	Options lapsed during the year	:	Nil Options
(7)	Variation of terms of Options	:	No variations during the year
(8)	Money realised by exercise of Options during the year	:	₹ 37,449,100
(9)	Options vested but yet to be exercised	:	1,361,000 Options
(10)	Options available for Grant in future	:	1,290,000 Options
(11)	Options Granted during the Financial Year	:	Nil Options
(12)	Options granted to Senior Managerial Personnel and employees who received Options amounting to and in excess of 5% of the Options granted under ESOP 2006 during the financial year ended March 31, 2012	:	Nil Options

All the Options granted till date under ESOP 2003, ESOP 2004 & ESOP 2006 have either vested or lapsed on or before March 31, 2011 and accordingly there is no employee compensation cost for the year ended March 31, 2012

The Diluted Earnings Per Share pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard 20 is ₹ 1.97. The Company calculates the employee compensation cost using the Intrinsic Value of the Options. In the event the Company had used the Fair Value of Options for calculating the employee compensation cost the difference between the employee compensation cost so computed and the employee compensation cost arising out of the Intrinsic Value method would have been Nil and would have no effect on Profit before Tax of the Company and the Basic and Diluted Earnings Per Share would have remained unchanged. This is as a result of vesting of all Options granted in the previous financial years

The Company has not granted any Options under ESOP 2003, ESOP 2004 and ESOP 2006 during the year and hence the Weighted Average Exercise Price and the Weighted Average Fair Value of the Options granted during the year in case of ESOP 2003, ESOP 2004 and ESOP 2006 is Nil

AUDITORS' CERTIFICATE

We have reviewed the Employee Stock Option Plan 2003, Employee Stock Option Plan 2004 and Employee Stock Option Plan 2006 ("the Plans") and the related records of **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company") for the year ended March 31, 2012 in connection with the issuance of the stock options under the plans.

Based on our review and according to the information and explanations provided to us, we certify that the above Plans have been implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions of the Company in the general meetings held on July 26, 2003, March 19, 2004 and May 3, 2006.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 3, 2012

(I) Business Overview

Following two years of anaemic and uneven recovery from the global financial crisis, the trends in the world economy indicate a potential downturn. The moderation in the global economy is both a cause and an effect of the sovereign debt crises in the euro zone, and of fiscal problems elsewhere. Escalating financial stress has led to a 1.3% contraction of the euro zone economies. Real GDP has also contracted in Japan. Activity levels in the United States have improved, but on an aggregate, growth in advanced economies is expected to be weak at 1.4% for 2012, compared to 1.6% in 2011 and 3.2% in 2010. Likewise, global output will expand at a slower pace of 3.5% in 2012, compared to 3.9% in 2011 and 5.3% in 2010

Growth in emerging and developing economies has also started to slow down from the second quarter of 2011. Initially, this was the result of macroeconomic policy tightening in attempts to curb emerging asset price bubbles and accelerating inflation. From mid-2011 onwards, growth moderated further with weaker external demand from developed countries and capital flow reversals. Growth in emerging and developing economies is expected to average 5.75% during 2012 - significant slowdown from the 6.75% growth registered during 2011

The concerns on the slowing Indian economy were reaffirmed with Q3 FY2012 GDP growth at 6.1%, the lowest since Q4 FY2009. The Index of Industrial Production (IIP) was volatile throughout FY2012 on the back of a tight liquidity situation which has prevailed for almost two years now. The slowdown in GDP growth witnessed over the last two quarters is likely to extend into FY2013 on account of the weakness in investments. In response, and bolstered by softening in inflation during the last few months, the Reserve Bank of India announced a 50 basis point cut in policy rate in April 2012

However, pace of reforms rollout has been slower than expected. Timelines for rollout of the Direct Tax Code (DTC), Goods and Service Tax (GST), and increase in FDI limits have not been upto the expectations of Corporate India. Slower growth, lower business confidence coupled with an increasing subsidy burden could therefore lead to an increase in fiscal deficit

A combination of global and local factors has therefore resulted in volatile equity markets, periods of significant FII selling, and a weak Rupee, which depreciated to a record low of ₹ 54/- to the US\$ in December 2011. Compounding the issue in an already challenging environment are recent announcements in relation to retrospective change in rules to bring under the tax ambit offshore transactions involving Indian assets and introduction of General Anti-Avoidance Rules (GAAR), which has the potential of overriding the Double Taxation Avoidance Agreements (DTAA)

A bulk of foreign investment into India is through tax efficient jurisdictions and such retrospective change in rules has only added to the increasing discomfort of foreign investors. The same has reflected in the Private Equity (PE) fund raising environment. India's share of private equity funds raised as percentage of total private equity funds raised in the emerging markets declined from 18% in 2009 to a low of 7% in 2011, the lowest point in the last 5 years. In terms of quantum, Indian PE fund raising declined from US\$7.7 bn in 2008 to US\$ 2.7 bn in 2011, the lowest point since 2004. Likewise, PE investments have also declined from a high of US\$ 9.9 bn in 2007 to US\$ 6.2 bn in 2011. Market uncertainty also reflected in the PE exits - 116 exits in the year 2011 with a value of US\$ 2.8 bn compared to 176 exits with a value of US\$ 4.5 bn in 2010

(II) Analysis of Performance for the year ended March 2012

(1) Business Review :

Despite a subdued macro-economic and investment climate, the Company has been able build upon its standing in the Indian private equity universe. During the year, the Company deployed ₹ 18.4 bn across 19 investments spread across Growth Private Equity, Infrastructure and Real Estate verticals, vis-à-vis ₹ 8.3 bn invested in FY2011

With these investments, two of the Company's Funds – the US\$ 895 mn IL&FS India Real Estate Fund II and the US\$ 225 mn Tara India Fund III are fully committed. The Fund teams therefore have begun to focus on asset management to ensure that the investments made during the year generate strong returns

More importantly, the Company leveraged multiple exit strategies to effect divestments aggregating ₹ 5.2 bn across 8 Investee Companies. A significant proportion of these exits were from the Real Estate vertical. The real estate sector has been adversely impacted by economic uncertainties and a high interest rate regime to a greater extent compared to other sectors. The Company's ability to derive value under these circumstances is evidence of the sound investment thesis, robust transaction structures, prudent entry valuations and efficient value extraction mechanisms which the Company has put in place for its investments

However, the Company could not stand insulated from the general risk aversion and cautious approach being adopted by global investors, who have been unwilling to commit fresh capital, especially in India. Overall fall in PE fund raising in India, impacted the Company's growth plans as well. During the year, the Company was on the road for raising capital for three new Funds. However, it has been able to achieve limited success with global investors, who while recognizing the Company's track record and experience, have deferred investment plans. As a result, the Company could not attain the targeted First Close for these Funds during the year. The Company continues to engage with potential investors of new Funds and expects to obtain commitments over the next 2 quarters

Earlier last year, the Company had set up its Dubai office with a view to create strategic inroads for expansion in the Middle East market. However, political instability in the Middle East and the complexities in the market have resulted in slower than anticipated progress of the growth plans of this region. With markets improving, active marketing of the Middle East Infrastructure Fund has been planned from this fiscal onwards

(2) Financial Performance :

The outcome of new Fund raises undertaken during the year has been below expectation. However the Company, on the back of its strong business model, was able to prevent erosion in financial performance inspite of a flat Asset Under Management (AUM) and significant divestments undertaken during the year

On a consolidated basis, the Income from Operations of the Company for the Financial Year 2011-2012 was ₹ 2205.69 mn, inclusive of Income from Investments of ₹ 79.81 mn and Other Income was ₹ 41.33 mn. The Total Income on a consolidated basis for the Financial Year 2011-2012 was ₹ 2247.02 mn. The resultant Profit after Tax on a consolidated basis for the Financial Year 2011-2012 was ₹ 738.10 mn

(III) Outlook for Financial Year 2012-2013

The underlying factors which have created financial stress and have resulted in growth moderation, continue to be at play. More particularly for India, Investors will closely look at Government's policy action before further committing to long term capital investments in the country. Such policy actions include addressing infrastructure bottlenecks, raising FDI limits in retail and aviation, providing clarity with respect to GST and DTC rollout, having a roadmap for subsidy and fiscal deficit reduction etc.

Further, significant unease and apprehension has been generated amongst the international investors on account of changes in taxation policy with retrospective effect. Provisions with respect to GAAR will also have a long term impact not just on the structure of investing in India but the investor interest levels, per se

Outcomes on the above will be a key determinant to the timelines associated with the Company's Fund raise plans. For instance, form and substance of GAAR implementation, if not palatable to international investors, may delay our Fund raise plans. The Company, however, continues to reach out to investors and, in a 'business as usual' scenario, expects to obtain commitments for at least two Funds by the first half of FY2013

Likewise, policy action and macro-economic scenario will determine Company's ability to effect divestments within anticipated timelines and at expected valuations. The Company has a significant component of listed investments. Exit from some of these investments along with planned exits by way of trade sale and IPOs is expected to result in the divestment momentum of FY2012 being maintained during FY2013

Over the coming few quarters, the Company's focus will also be on investing the balance funds in the SCI Asia Fund, and initiating new Fund raises in the Infrastructure and Real Estate space, as well as mining the Yatra platform

(IV) Business Segment and Human Resources

The Company presently operates in one business segment – fund management and other related services

Unlike previous years, when the Fund team largely operated from a single location, going forward, the operations will be spread across multiple locations. Promoting cohesiveness and seamless flow of information and action will be key to ensuring that best practices are preserved and that investment sourcing, monitoring and exit processes remain efficient. The management will focus on attaining these objectives

The Company presently has 57 employees

(V) Internal Control Systems

The Company has an adequate system of internal controls to ensure accuracy of accounting records, compliance with all laws and regulations and compliance with all rules, processes and guidelines prescribed by the management

An extensive internal audit is carried out by an independent firm of Chartered Accountants. Post audit reviews are also carried out to ensure follow up on the observations made. The scope of the internal audit is determined by the Audit Committee and the internal audit reports are reviewed by the Audit Committee on a regular basis

Corporate Governance Report

(A) COMPANY PHILOSOPHY

The Company practises highest level of ethics, observes principles of transparency and fairness in all its dealings. The Company is committed to operating in a regulated manner, maximizing shareholders value and enhancing the value of services to all stakeholders at large

(B) BOARD OF DIRECTORS

(1) Composition :

- As on 31st March, 2012, the Company's Board comprises of a Non-Executive Chairman, a Non-Executive Vice Chairman, Seven Non-Executive Directors and one Executive Director. The Chairman of the Board is a Non-Executive Independent Director and more than one third of the Board comprises of Independent Directors
- None of the Directors hold chairmanship of more than 5 committees or membership in more than 10 committees of public limited companies as stipulated in Clause 49 of the Listing Agreement
- All the Independent Directors of the Company have furnished a declaration that they satisfy the conditions of being independent as stipulated in Clause 49 of the Listing Agreement

(2) Board Meetings :

- The Board of Directors met four times during the Financial Year ended March 31, 2012 and the gap between two meetings did not exceed four months. The meetings were held during the year on April 21, 2011, July 27, 2011, November 10, 2011 and January 30, 2012
- The category of Directors, their attendance record at the Board Meetings held during the Financial Year ended March 31, 2012 and at the previous Annual General Meeting along with their membership / chairmanship on the board committees of other companies is as follows :

Name of the Director	Category of Director @	No. of Board Meetings attended	Attendance at last AGM held on July 27, 2011	No. of Directorships*	Committee Membership #	Committee Chairmanship #
Mr S M Datta (Chairman)	NEID	4	Yes	13	7	3
Mr Ravi Parthasarathy	NED	4	Yes	11	-	-
Mr Banshi Mehta	NEID	4	Yes	14	9	4
Mr Jitender Balakrishnan	NEID	3	No	14	5	1
Mr Siddharth Mehta	NEID	4	Yes	2	2	-
Mr Arun Saha	NED	3	Yes	13	10	3
Mr Ramesh Bawa	NED	3	Yes	13	4	-
Mr Vibhav Kapoor	NED	4	Yes	4	2	-
Mr Shahzaad Dalal (Vice Chairman)	NED	4	Yes	11	7	1
Dr Archana Hingorani	ED	4	Yes	7	1	-

@ ED Executive Director, NED Non-Executive Director, NEID Non-Executive Independent Director

* The other directorships include alternate directorships and exclude directorships in Private and Foreign Companies, if any

The other Committee Memberships & Committee Chairmanships comprise of only two committees Audit Committee & Shareholders'/Investors' Grievance Committee of public limited companies as required under Clause 49 of the Listing Agreement

(c) Appointment/Re-appointment of Directors :

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr S M Datta, Mr Shahzaad Dalal and Mr Banshi Mehta shall retire by rotation at the ensuing Annual General Meeting

The Board has recommended the re-appointment of Mr S M Datta, Mr Shahzaad Dalal and Mr Banshi Mehta as Directors to the shareholders

(d) Code of Conduct :

The Board has laid down a code of conduct for all Board members and the senior management of the Company. The Code of Conduct as laid down by the Board is already posted on the Company's website. The Company has obtained the confirmation of the compliance with the Code from all members of the Board and senior management of the Company for the Financial Year 2011-12. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's Code of Conduct signed by the Chief Executive Officer & Executive Director forms part of this Annual Report

(C) AUDIT COMMITTEE

(1) Constitution of Audit Committee :

The Committee presently comprises of four Directors of which three are Non-Executive Independent Directors. All the members of the Audit Committee are financially literate. Mr Banshi Mehta, the Chairman of the Committee is a Chartered Accountant by profession and has expertise in the taxation, accounting and financial management domain

(2) Terms of Reference :

As per the terms of reference specified by the Board, the Audit Committee in addition to acting in accordance with the provisions of Section 292A of the Companies Act, 1956 also oversees the following functions :

- (a) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
- (b) Recommending the appointment and removal of the Statutory Auditors and the Internal Auditors and fixing audit fees
- (c) Reviewing with the Management, Statutory and Internal Auditors, the adequacy of internal control systems
- (d) Reviewing the adequacy of the internal audit function
- (e) Discussing with Internal Auditors any significant findings and follow up thereon
- (f) Reviewing with the Management the quarterly unaudited financial statements and annual financial statements before submission to the Board
- (g) Reviewing the management discussion and analysis
- (h) Reviewing the Financial and accounting practices and policies
- (i) Compliance with stock exchange and legal requirements concerning financial statements
- (j) Reviewing the related party transactions
- (k) Reviewing the financial statements of unlisted subsidiary companies
- (l) Approval of appointment of Chief Financial Officer after assessing the qualifications' experience and background etc. of the candidate

(3) Audit Committee Meetings :

The Audit Committee met four times during the Financial Year ended March 31, 2012 on April 21, 2011, July 26, 2011, November 10, 2011 and January 30, 2012 and the composition and attendance record of the members at the Audit Committee Meetings are as follows :

Name of the Director	Designation	Number of Meetings Attended
Mr Banshi Mehta	Chairman	4
Mr S M Datta	Member	4
Mr Vibhav Kapoor	Member	4
Mr Jitender Balakrishnan *	Member	2

* Mr Jitender Balakrishnan has been appointed member of the Audit Committee at the Board Meeting held on April 21, 2011

(4) Attendees :

The Statutory Auditors, the Internal Auditors, the Chief Executive Officer & Executive Director, the Chief Financial Officer and the Company Secretary are invited to attend the meetings. The Audit Committee also invites such other senior executives as it considers appropriate to be present at its meetings

(D) COMPENSATION COMMITTEE

(1) Composition :

The Committee comprises of two Non-Executive Independent Directors and one Non-Executive Director. The Chairman of the Committee is Non-Executive Independent Director

(2) Terms of Reference :

The Committee oversees the following functions :

- The criteria and quantum of compensation for Wholtime Directors
- Recruitment of key management employees and their compensation
- Determination of the annual increments and performance related pay of the employees
- Administration of the various Employee Stock Option Plans of the Company
- Such other matters as the Board may from time to time request the Compensation Committee to examine, recommend and approve

(3) Remuneration Policy :

The Company's remuneration policy has been to reward employees based on their level of responsibility, performance and potential. It is aimed at attracting and retaining high caliber management talent by valuing their performance on the basis of their contribution

(4) Compensation Committee Meetings :

The Compensation Committee met once during the Financial Year ended March 31, 2012 on April 16, 2011. The composition and attendance record of the members at the Compensation Committee Meeting are as follows :

Name of the Director	Designation	Number of Meetings Attended
Mr S M Datta	Chairman	1
Mr Ravi Parthasarathy	Member	1
Mr Banshi Mehta	Member	1

(5) Details of Remuneration :

Details of Remuneration paid to the Wholetime Director during the Financial Year 2011-2012 :

Name of the Director	Salary (₹)	Perquisites (₹)	Total (₹)
Dr Archana Hingorani	26,040,913	200,069	26,240,982

The salary paid to Dr Archana Hingorani is inclusive of her retirement benefits and includes ₹ 10,000,000/- paid as Performance Related Pay

The Remuneration paid to the Wholetime Director consists of a fixed salary and a variable bonus depending on the individual's and the Company's performance. The annual increments and variable bonus are decided by the Compensation Committee

During the Financial Year 2011-2012, the Company did not grant any stock options

(6) Details of payment made to the Non-Executive Directors :

Details of payment made to the Non-Executive Directors during the Financial Year 2011-2012 :

The Company does not pay any remuneration to the Non-Executive Directors of the Company except commission and sitting fees for attending the Board meetings and the Committee meetings of the Company. The Non-Executive Directors are also granted Stock Options based on their tenure and their contribution to the Company

During the Financial Year 2011-2012, the Non-Executive Directors were paid sitting fees of ₹ 20,000/- each for attending the Board Meetings, the Audit Committee Meetings and the Compensation Committee Meetings and ₹ 2,000/- each for attending the Shareholders'/Investors' Grievance Committee Meetings

Details of Commission for the Financial Year 2011-2012 to be paid to the Non-Executive Directors of the Company are as below :

Name of the Non-Executive Director	Commission (₹)
Mr S M Datta	20,00,000
Mr Ravi Parthasarathy	9,00,000
Mr Banshi Mehta	6,00,000
Mr Arun Saha	4,00,000
Mr Vibhav Kapoor	4,00,000
Mr Jitender Balakrishnan	4,00,000
Mr Ramesh Bawa	4,00,000
Mr Siddharth Mehta	4,00,000

Besides sitting fees and commission, no other payments have been made to the Non-Executive Directors of the Company during the year

(7) Details of Options granted :

Details of Options granted to Non-Executive Directors during the year and shares held by them as on March 31, 2012 :

No Options were granted by the Company during the year to Non-Executive Directors

The shareholding of the Non-Executive Directors as on March 31, 2012 :

Name of the Director	No. of Shares
Mr S M Datta	3,037,500
Mr Ravi Parthasarathy	900,000
Mr Banshi Mehta	2,262,500
Mr Arun Saha	150,000
Mr Vibhav Kapoor	562,500
Mr Shahzaad Dalal	1,904,447

(E) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

- (1) The Shareholders'/Investors' Grievance Committee oversees the following functions :
 - (a) Issuance of duplicate certificates and rematerialisation of shares
 - (b) Redressing grievances received from the investors
 - (c) Allotment of shares upon exercise of options under Employee Stock Option Schemes
 - (d) Such other matters as the Board may from time to time request the Committee to examine, recommend and approve
- (2) Composition :

The Shareholders'/Investors' Grievance Committee presently comprises of one Non-Executive Independent Director and one Non-Executive Director. The Committee met eleven times during the Financial Year ended March 31, 2012. The composition and attendance record of the members at the Shareholders'/Investors' Grievance Committee Meetings are as follows :

Name of the Director	Designation	Number of Meetings Attended
Mr Vibhav Kapoor	Chairman	11
Mr S M Datta	Member	11

- (3) Mr Sanjay Mitra, Company Secretary, has been designated as the Compliance Officer
- (4) During the Financial Year 2011-12, the Company received 115 complaints from shareholders. There were no complaints pending at the end of the year
- (5) The Board at its meeting held on May 1, 2007 approved the constitution of a Share Transfer Committee consisting of officers of the Company as its members for approving transfer, transmission and transposition of shares and deletion of name in the Register of Members. The Committee presently comprises of Mr Manoj Borkar (Chairman) and Mr Sanjay Mitra (Member)

The attendance at the meetings held during the year are given below :

Name of the Member	Number of Meetings held	Number of Meetings Attended
Mr Manoj Borkar, Chairman	36	36
Mr Sanjay Mitra	36	36

(F) GENERAL BODY MEETINGS

- (1) The details of the last three Annual General Meetings are as follows :

Date	Time	Location / Venue	Special Resolutions passed
July 27, 2011	11.30 a.m.	Indian Merchants' Chamber, Mumbai	Re-appointment and Remuneration of Dr Archana Hingorani as a Wholtime Director (designated as the Chief Executive Officer and Executive Director) of the Company
July 16, 2010	11.00 a.m.	M C Ghia Hall, Mumbai	Remuneration of Dr Archana Hingorani, Executive Director of the Company with effect from July 17, 2009 for reminder of her tenure i.e. upto July 16, 2011
July 15, 2009	3.00 p.m.	The Centrum, World Trade Centre, Mumbai	No Special Resolution was passed

- (2) Special Resolutions passed through Postal Ballot :

No resolution was passed through postal ballot pursuant to Section 192A of the Companies Act, 1956 from the date of the last Corporate Governance report upto the date of this report

No resolution on matters requiring voting by postal ballot pursuant to Section 192A of the Companies Act, 1956 are placed before the members at the ensuing meeting

(G) DISCLOSURES

- (1) The Management Discussion & Analysis forms part of this Annual Report
- (2) During the year under review, there were no materially significant transactions of the Company with its Directors, Senior Management and their relatives or the Management that had a potential conflict with the interests of the Company at large. The transactions between the Company and the related parties are disclosed in the Notes to the Accounts
- (3) None of the Directors of the Company are related to each other except to the extent that Mr Ravi Parthasarathy, Mr Arun K Saha, Mr Vibhav Kapoor and Mr Ramesh Bawa are Directors nominated by Infrastructure Leasing & Financial Services Limited (IL&FS)
- (4) No penalties and/or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets during the last three years
- (5) The Chief Executive Officer and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under Clause 49 (V) of the Listing Agreement
- (6) Some of the Independent Directors of the Company have been Directors of the Company in excess of nine years
- (7) The Company does not send any half-yearly report to the members of the Company
- (8) The Company does not have a system of peer group evaluation of the Non-Executive Directors and also does not have a system of training the Board members on the business model of the Company, the risk profile of the business parameters of the company, their responsibilities as directors and the best ways to discharge them
- (9) The Company does not have a Whistle Blower Policy

(H) MEANS OF COMMUNICATION

The Company publishes its quarterly and annual consolidated results in prominent daily newspapers viz. Economic Times, DNA Mumbai and Maharashtra Times. The standalone and consolidated results are also made available on the website of the Company www.iimlindia.com

The Company's website contains a separate section 'Shareholders' which provides the information on Financials, Shareholding Pattern, Code of Conduct, Presentations made to analysts, Press Releases, Analyst Calls, etc. Annual Reports can also be downloaded from the Company's website

(I) GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting

Day, Date and Time	:	Tuesday, July 24, 2012 at 4.00 p.m.
Venue	:	The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400 020
Financial Year	:	The Company follows April-March as its Financial Year
Unaudited financial reporting for the quarter ending	:	
June 30, 2012		On or before August 15, 2012
September 30, 2012		On or before November 15, 2012
December 31, 2012		On or before February 15, 2013
March 31, 2013		On or before May 15, 2013
Book Closure	:	Thursday, July 12, 2012 to Tuesday, July 24, 2012 (both days inclusive)
Dividend Payment	:	The dividend, if declared, by the shareholders at the AGM shall be paid / credited on or after July 24, 2012
Listing on Stock Exchanges	:	The Company has already paid the annual listing fees for the Financial Year 2012-13 to the Stock Exchanges (BSE and NSE) as well as custodial fees to the depositories within the prescribed time

Corporate Governance Report

Security Identification Number (ISIN)	:	INE050B01023
Scrip Code/Symbol	:	BSE : 511208, NSE : IVC EQ
Corporate Identification Number (CIN)	:	L65999MH1986PLC147981

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited along with the volumes is as follows :

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	No. of Shares	High (₹)	Low (₹)	No. of Shares
April, 2011	41.25	32.10	17,93,520	41.35	31.80	17,84,870
May, 2011	37.00	32.55	5,91,495	37.90	31.15	5,81,065
June, 2011	35.00	32.55	5,96,980	35.90	32.80	6,14,024
July, 2011	34.65	31.10	9,49,353	38.00	31.15	19,69,576
August, 2011	32.80	26.85	15,14,346	32.60	26.10	28,30,164
September, 2011	31.75	27.10	5,26,231	35.20	27.55	10,47,681
October, 2011	31.20	27.05	2,93,798	33.00	26.75	5,39,795
November, 2011	29.75	25.90	4,17,768	29.85	25.55	10,03,916
December, 2011	28.40	23.30	6,01,457	28.75	23.15	10,64,510
January, 2012	29.40	24.50	4,28,722	31.00	24.50	5,71,830
February, 2012	32.00	27.20	9,28,526	32.25	27.05	16,10,513
March, 2012	31.50	26.00	11,78,268	32.00	26.00	8,69,689

Share Transfer System :

The Registrar and Share Transfer Agent (RTA) of the Company receives applications for transfer of shares held in physical form. They attend to share transfer formalities every week

Shares held in the dematerialized form are electronically transferred on the Depositories. The RTA of the Company periodically receives the beneficiary holdings from the Depositories which enables the RTA to update their records for sending all corporate communications, dividend warrants, etc.

Physical shares received for dematerialization are processed within a period of 21 days from the date of receipt, provided they are in order in every respect

Category wise Shareholding as at March 31, 2012 :

Sr. No.	Category	No. of Shares held	%
1.	Promoter	105,055,435	50.44
2.	Mutual Funds/Banks/Financial Institutions	3,541,295	1.70
3.	Foreign Institutional Investors	1,237,368	0.59
4.	Non-Residents Individuals	3,234,486	1.55
5.	Companies	12,098,429	5.81
6.	Resident Individuals	77,175,722	37.05
7.	Others	5,932,675	2.86
	Total	208,275,410	100.00

Distribution of Shareholding as at March 31, 2012 :

No. of Equity Shares	No. of Shareholders	% of Total	No. of Shares	% of Total
1 – 500	11672	41.77	2,447,301	1.17
501 – 1000	6410	22.94	4,349,926	2.09
1001 – 2000	6019	21.54	8,026,737	3.85
2001 – 3000	1215	4.35	3,035,809	1.46
3001 – 4000	602	2.15	2,125,100	1.02
4001 – 5000	392	1.40	1,846,803	0.89
5001 – 10000	743	2.66	5,252,766	2.52
10001 and above	891	3.19	181,190,968	87.00
Total	27944	100.00	208,275,410	100.00

Dematerialisation of Shares and Liquidity :

96.21% of the shares have been dematerialized as on March 31, 2012

Disclosure under Clause 5All of the Listing Agreement in respect of Unclaimed Shares :

The Securities and Exchange Board of India has amended clause 5A of the Equity Listing Agreement regarding unclaimed shares held in physical form. In compliance with the said amendment, and in order to avoid transfer of unclaimed shares to the "Unclaimed Suspense Account", the Company has sent 'Reminder Letters' to such shareholders whose share certificates have remained undelivered and hence unclaimed, requesting them to update their correct details viz. postal addresses, PAN details etc. registered with the Company

In response to the Reminder letters, 26 shareholders have registered their correct details with the Company and 22,285 unclaimed shares have since been claimed by the shareholders. As on May 3, 2012, 1,746,355 shares have remained unclaimed

Registrar and Share Transfer Agent :

Link Intime India Private Limited
(formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai 400 078

Address for Correspondence :

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares :

Link Intime India Private Limited
(formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai 400 078
Tel No: 2596 3838
Fax No: 2594 6969

For general correspondence :

The IL&FS Financial Centre, Plot No C-22, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051
Tel No: 2659 3531
Fax No: 2653 3056
Email: investor.relations@iflfsindia.com

CODE OF CONDUCT CERTIFICATE

I, Archana Hingorani, Chief Executive Officer & Executive Director of the Company, hereby declare that the Board of Directors have laid down a Code of Conduct for the Board Members and Senior Management of the Company and the Board Members and Senior Management have affirmed compliance with the said Code of Conduct

For IL&FS Investment Managers Limited

Archana Hingorani
Chief Executive Officer & Executive Director

Place: Mumbai
Date: May 3, 2012

AUDITORS' CERTIFICATE

TO THE MEMBERS OF IL&FS INVESTMENT MANAGERS LIMITED

We have examined the compliance of conditions of corporate governance by **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company") for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 3, 2012

Auditors' Report

TO THE MEMBERS OF

IL&FS INVESTMENT MANAGERS LIMITED

1. We have audited the attached Balance Sheet of **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Registration No.117365W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : May 3, 2012

Annexure to Auditors' Report

Re: IL&FS INVESTMENT MANAGERS LIMITED

(Referred to in paragraph (3) of our report of even date)

- (i) Having regard to the nature of the Company's activities clauses (ii), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xix) and (xx) of CARO are not applicable to the Company
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has placed inter corporate deposits aggregating ₹ 260,000,000 during the year with one such party. At the year-end, the outstanding balance of such deposit was ₹ 260,000,000 and the maximum amount involved during the year was ₹ 313,365,753
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company
 - (c) The receipts of principal amounts and interest have been regular
 - (d) There are no overdue amounts over ₹ 100,000 remaining outstanding as at March 31, 2012 from the date that they became due for payment

The Company has not taken any loans from companies firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly, clauses (f) and (g) of the paragraph 4(iii) of CARO are not applicable to the Company
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered in the register maintained under the said section (except for the deposit reported under paragraph (iii) above). Accordingly sub clause (b) of clause (v) is not applicable
- (vi) According to the information and explanation given to us, the Company has not accepted any deposits from the public covered under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, during the year
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business
- (viii) According to information and explanation given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues of Income Tax and has been regular in depositing other undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities during the year
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears, outstanding as at March 31, 2012 for a period of more than six months from the date they became payable

- (c) Details of disputed Income-tax dues which have not been deposited as on March 31, 2012 on account of any dispute are given below:

Name of statute	Nature of the dues	Forum where dispute is pending	Period of which the amount relates	Amount (₹)
Income Tax Act 1961	Income tax in demand.	CIT (A)	Assessment year 2008-09	4,778,656

- (ix) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Firm Registration No.117365W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : May 3, 2012

Balance Sheet As At 31st March, 2012

(Amount in ₹)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2011
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	416,570,820		411,272,510	
Reserves and Surplus	3	455,097,802	871,668,622	374,044,550	785,317,060
Non-Current Liabilities					
Long term provisions	4	20,560,389	20,560,389	18,630,497	18,630,497
Current Liabilities					
Trade payables		32,268,847		22,558,609	
Other current liabilities	6	26,131,670		31,995,396	
Short-term provisions	5	474,296,117	532,696,634	482,949,897	537,503,902
Total			1,424,925,645		1,341,451,459
ASSETS					
Non-current assets					
Fixed assets (net)	7				
Tangible assets		9,273,619		12,389,105	
Intangible assets		-		840,695	
Non-current investments	8	109,558,238		85,002,343	
Deferred tax assets (net)	10	13,699,000		8,730,000	
Long term loans and advances	11	375,087,741		193,309,031	
Other non-current assets	13	53,305,932	560,924,530	39,266,151	339,537,325
Current assets					
Current investments	9	234,758,425		135,142,898	
Trade receivables	15	366,670,399		376,210,125	
Cash and Cash Equivalents	16	82,422,378		80,757,099	
Short-term loans and advances	12	159,721,735		385,964,183	
Other current assets	14	20,428,178	864,001,115	23,839,829	1,001,914,134
Total			1,424,925,645		1,341,451,459
Significant Accounting Policies	1				

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 03, 2012

Statement of Profit and Loss For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue :			
Revenue from Operations	18	852,082,947	852,767,743
Other Operating Income	19	174,103,330	61,638,522
Other Income	20	16,567,609	35,028,770
Total Revenue		1,042,753,886	949,435,035
Expenses :			
Employee benefit expense	21	274,799,175	255,070,714
Other Administrative and Operating Expenses	22	185,132,610	132,654,504
Total Expenses		459,931,785	387,725,218
Earnings before Depreciation and Taxation		582,822,101	561,709,817
Depreciation and amortization expense	7	7,182,249	7,177,082
Profit before tax		575,639,852	554,532,735
Tax expense :			
- Current tax		170,180,000	184,130,000
- Deferred tax		(4,969,000)	(3,659,000)
Profit for the year		410,428,852	374,061,735
Earning per equity share: (refer Note 26) (Equity shares of Face value ₹ 2/- each)			
- Basic		1.98	1.84
- Diluted		1.97	1.80
Significant Accounting Policies	1		

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 03, 2012

Cash Flow Statement For The Year Ended 31st March, 2012

(Amount in ₹)

			March 31, 2012	March 31, 2011
(A)	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX		575,639,852	554,532,735
	Adjustments for:			
	Depreciation		7,182,249	7,177,081
	Provision for Doubtful Advances		162,895	-
	Unrealised Exchange Gain on revaluation of EEFC balance		(1,641,644)	178,714
	Provision for Mark to Market on Forward Cover Transactions		1,594,844	(8,118,481)
	Provision for Employee Benefits (Net)		(1,849,718)	11,150,954
	Net Profit on Sale of Long-term Investments		(112,395)	(748,115)
	Profit on sale of Own Assets (Net)		(72,945)	(91,687)
			580,903,138	564,081,201
	Adjustments for changes in:			
	Decrease / (Increase) in Trade Receivables		9,539,726	(217,508,182)
	(Increase)/Decrease in Short Term & Long Term Loans & Advances		2,835,089	9,064,473
	Decrease/(Increase) in Other Current & Other Non-current Assets		(7,397,130)	(8,413,972)
	(Decrease)/Increase in Trade Payables and Other Current, Other Non-current Liabilities		1,160,100	(23,809,887)
			587,040,923	323,413,633
	Payment of Taxes		(184,498,384)	(161,319,170)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	A	402,542,539	162,094,463
(B)	CASH FLOW FROM INVESTING ACTIVITIES			
	Investment in Subsidiaries		(25,918,500)	(41,464,117)
	Investment in Jointly Controlled Entity		-	(2,218,500)
	Proceeds from sale of Subsidiaries		-	1,228,672
	Proceeds from sale of Other Non-current Investments		1,475,000	7,817,500
	(Increase)/Decrease in Current Investments (Net)		(99,615,527)	148,822,656
	Inter Corporate Deposits/Loans Given		(271,900,000)	(400,303,253)
	Inter Corporate Deposits/Loans Refunded		313,365,753	412,037,500
	Purchase of Fixed Assets		(3,398,187)	(3,791,376)
	Proceeds from Sale of Fixed Assets		245,064	389,022
	Investment in Fixed Deposits (net)		(15,000,000)	35,000,000
	NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	B	(100,746,397)	157,518,104
(C)	CASH FROM FINANCING ACTIVITIES			
	Issue of Equity Share Capital		39,017,043	33,690,193
	Dividend on Equity Shares		(358,475,962)	(366,169,297)
	NET CASH USED IN FINANCING ACTIVITIES	C	(319,458,919)	(332,479,104)
(D)	Net Decrease in Cash and Cash Equivalents	(A+B+C)	(17,662,777)	(12,866,537)

Cash Flow Statement For The Year Ended 31st March, 2012

(Amount in ₹)

		March 31, 2012	March 31, 2011
	Reconciliation of Cash and cash equivalent as per Balance Sheet (refer Note 16)		
	Cash and Cash Equivalent at the beginning of the year as per Balance Sheet (refer Note 16)	50,279,892	63,325,143
	Less Unrealised Foreign Exchange Loss	1,641,644	(178,714)
	Cash and Cash Equivalent at the end of the year (refer note 16)	34,258,759	50,279,892
	Reconciliation of Cash and cash equivalents with the Balance Sheet :		
	Cash and cash equivalents as per Balance Sheet (Refer Note 16)	82,422,378	80,757,099
	Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 Cash Flow Statements):		
	Balances with Banks in Fixed Deposit Accounts with original maturity of more than 3 months	(31,000,000)	(16,000,000)
	Balances with Banks in earmarked accounts- referring to unclaimed dividend accounts. [refer note (ii) below]	(17,163,619)	(14,477,207)
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16 *	34,258,759	50,279,892
	* Comprises		
	(a) Cash on hand	44,947	27,427
	(b) Cheques, drafts on hand	-	24,902
	(c) Balances with banks		
	(i) In current accounts	30,189,238	28,875,862
	(ii) In EEFC accounts	4,024,574	21,351,701
		34,258,759	50,279,892

Notes :

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations
- (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 03, 2012

1) Significant Accounting Policies

a) Basis for preparation of Financial Statements

The Financial Statements are prepared in accordance with the applicable Accounting Standards pursuant to the Companies (Accounting Standard) Rules, 2006. All income and expenditure having material bearing on the Financial Statements are recognised on an accrual basis

The preparation of Financial Statements requires the Management to make certain estimates and assumptions considered in the reported amounts of Assets and Liabilities (including Contingent Liabilities) as on the date of the Financial Statements and the reported Income and Expenses during the reporting period. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates

b) Fixed Assets (Tangible and Intangible)

Fixed Assets have been capitalized at cost of acquisition and other incidental expenses

Depreciation on fixed asset is provided pro-rata from the date on which asset is ready to be put to use for its intended purpose on Straight-Line Method based on the estimated useful life of the assets, which are as follows :

Category of Asset	Estimated Useful Life (in years)
Tangible Fixed Assets :	
Furniture and Fixtures	5
Data Processing Equipments	3
Office Equipments	4
Vehicles	4
Lease hold improvement	Over the lease period
Intangible Fixed Assets :	
Computer Software	3
Business Know-how, management and advisory contracts	5

All categories of assets costing ₹ 5,000/- or less each and mobile phones are written off in the year of capitalization

c) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease rental expenses in respect of operating leases is recognised in accordance with the Accounting Standard on "Leases" (AS 19)

d) Investments

- Investments are capitalised at actual cost including costs incidental to acquisition
- Investments are classified as long term or current at the time of acquisition of such investments
- Long term investments are individually valued at cost less provision for diminution, other than temporary
- Current investments are valued at lower of cost or fair value, computed scrip-wise

e) Foreign Currency Transactions

- Foreign currency transactions are recorded at the rate prevailing on the date of transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are restated at the closing rate
- Non-Monetary items which are carried in terms of historical cost denominated in foreign currency at the Balance Sheet date are reported using the exchange rate at the date of the transaction

f) Derivative Transactions

The Company enters into forward contracts to hedge its assets and liabilities

The premium or discount arising at the inception of a Forward Contract is amortised as income or expense over the life of such Contract

At the reporting date, Forward contracts are marked-to-market and gains/losses if any, are recognised in the Statement of Profit and Loss

g) Revenue Recognition

- i) Management fee income on funds under management and advisory fee income are recognised based on contractual arrangements
- ii) Income from Investment in Units of Private Equity Funds (PEF) is recognised on the basis of income distributed by the respective PEFs
- iii) Dividend income is recognised once the unconditional right to receive dividend is established
- iv) Interest income on fixed deposits is accrued proportionately based on period for which the same is placed

h) Employee Benefits

- i) Contributions to Provident Fund and Superannuation Fund are charged as Expenses in the Statement of Profit and Loss as per applicable law/rules
- ii) The Company has taken group gratuity cum life assurance scheme with Life Insurance Corporation of India for gratuity payable to the employees. Incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged as Expenses in the Statement of Profit and Loss
- iii) The leave balance is classified as short term and long term based on the past trends. The leave encashment liability for the expected leave to be encashed has been measured on actual components eligible for leave encashment and expected leave to be availed is valued based on the total cost to the Company. The Short term and Long term leave have been valued on actuarial basis as per the projected unit credit method

i) Placement Fees Expense

Placement Fees paid to the Arranger of Fund are recognised over period of 5 years

j) Taxation

Income tax comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income tax Act, 1961

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of timing differences arising from differences in accounting policies as per the accounts drawn up under the Companies Act, 1956 and the Income tax Act, 1961. Deferred Tax Assets and Liabilities other than on carry forward losses and unabsorbed depreciation under tax laws are recognised when it is reasonably certain that there will be future taxable income. Deferred Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit. Deferred tax assets and liabilities are measured using substantively enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss Account in the period of substantive enactment of the change

k) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that the outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the financial statements

l) Cash flow Statements

- i) Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non –cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating , investing and financing activities of the Company are segregated based on the available information
- ii) Cash comprises cash on hand. Cash Equivalents are cheque on hand, balances in bank current account and EEFC account

m) Earnings Per Share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date

2) Share Capital

- a) Share Capital of the Company consist of the following:

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Authorised Share Capital		
250,000,000 Equity shares of ₹ 2/- each	500,000,000	500,000,000
Issued , Subscribed & Fully Paid up Capital		
208,275,410 Equity shares of ₹ 2/-each (As at March 31, 2011: 205,626,255 Equity shares of ₹ 2/- each)	416,550,820	411,252,510
Add : Forfeited shares	20,000	20,000
	416,570,820	411,272,510

- b) Reconciliation of the number of shares outstanding at the beginning of the year and at the end of the year

	As at March 31, 2012	As at March 31, 2011
Shares outstanding at the beginning of the year	205,626,255	203,027,595
Add: Allotment made during the year	2,649,155	2,598,660
Shares outstanding at the end of the year	208,275,410	205,626,255

- c) List of the shareholders holding more than 5% of the share capital as at March 31, 2012

Name of the Shareholder	As at March 31, 2012		As at March 31, 2011	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Infrastructure Leasing & Financial Services Limited, the Holding Company	105,055,435	50.44	105,055,435	51.09

- d) Shares options granted and outstanding under the Company's Employee Share Option Plans

As at March 31, 2012 , executives and senior employees held options of 1,361,000 equity shares of the Company, the range of exercise price for Stock Option outstanding as at March 31, 2012 is ₹ 13.60 to ₹ 19.20 and the weighted average remaining contractual life is 1.29 years. Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights

- e) No of equity shares allotted as fully paid up by way of bonus shares for preceding five years

Financial Year	Par Value (₹)	No of shares	Amount (₹)
2011-12	-	-	-
2010-11	-	-	-
2009-10	-	-	-
2008-09	2	66,312,035	132,624,070
2007-08	-	-	-
2006-07	2	39,652,245	79,304,490

- f) Proposed Dividend

The Company has proposed dividend for the year ended March 31, 2012, on Equity Shares @ ₹ 1.50 per share aggregating to ₹ 363,094,333/- inclusive of dividend distribution tax of ₹ 50,681,218/-

- g) Forfeited shares

During the financial year 1997-98 the Company had forfeited 10,000 equity shares of ₹ 2 each on which amount paid up was ₹ 20,000/-

- h) Shares reserved for issue under Options :

- (i) The particulars of the Options distributed under ESOP 2004 and ESOP 2006 are as follows :

Particulars	ESOP 2004	ESOP 2006
Eligibility	Directors and Employees	Directors of the Company and Subsidiary Companies and Employees of the Company
Vesting period for options granted during the year	One year from date of grant	One year to Three year from date of grant
Exercise Period	Four years beginning from date of vesting	Four years beginning from date of vesting
Method of Settlement	Equity	Equity

- (ii) The number and weighted average Exercise Price of Stock Options for ESOP 2004 and ESOP 2006 is as follows :

Particulars	ESOP 2004		ESOP 2006	
	No of Options	Weighted Average Exercise Price* (₹)	No of Options	Weighted Average Exercise Price* (₹)
Authorised to be Granted	16,875,000	-	16,875,000	-
Granted and outstanding at the beginning of the year	326,655	4.80	3,683,500	16.62
Granted during the year	Nil	-	Nil	-
Forfeited during the year	Nil	-	Nil	-
Exercised during the year	326,655	4.80	2,322,500	16.62
Lapsed during the year	Nil	-	Nil	-
Granted and outstanding at the end of the year	Nil	-	1,361,000	17.46
Vested and Exercisable at the end of the year	Nil	-	1,361,000	17.46

* Determined at the time of grant

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

- (iii) The effect of subdivision of each Equity share of ₹ 10/- into Equity shares of ₹ 2/-each and issue of bonus shares is considered in calculating the number of Options
- (iv) The Company calculates the employee compensation cost using the Intrinsic Value of the Options. The Exercise Price of the Options granted is generally based on the Market Price as on the date of the Grant. The Company had issued 1,148,290 Options at an exercise price lower than the market price and accordingly, the Intrinsic Value of those Options was ₹ 11,496,590/-, which has been already amortised over the vesting period in previous years
- (v) No Options were granted during the year
- (vi) The weighted average market price at the dates of exercise for options during the year was ₹ 28.66

3) Reserves & Surplus

The movement in Reserves and Surplus are as under :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Securities Premium Reserve		
Balance as per previous Balance Sheet	95,760,141	61,157,108
Add: Received upon issuance of shares	33,358,733	28,492,873
Add: Transferred from Share Option Outstanding Account	3,408,780	6,110,160
Balance at the end of the year	132,527,654	95,760,141
Share Option Outstanding Account		
Balance as per previous Balance Sheet	3,408,780	9,158,940
Less: Transferred to Securities premium reserve on exercise of options	(3,408,780)	(6,110,160)
Balance at the end of the year	-	3,048,780
General Reserve		
Balance as per previous Balance Sheet	170,000,000	132,000,000
Add: Appropriation from Profit and Loss Account	42,000,000	38,000,000
Balance at the end of the year	212,000,000	170,000,000
Statement of Profit & Loss		
Balance as per previous Balance Sheet	105,235,629	127,649,856
Add: Profit for the year	410,428,852	374,061,735
Less : Appropriation for Dividend (including Dividend tax)	(363,094,333)	(358,475,962)
Less: Transferred to General Reserve	(42,000,000)	(38,000,000)
Balance at the end of the year	110,570,148	105,235,629
	455,097,802	374,044,550

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

4) Long Term Provisions

- a) Long Term provision consists of provision for amounts due to be settled beyond twelve months after the balance sheet date :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Provision for Employee benefits	20,560,389	18,630,497
	20,560,389	18,630,497

- b) Particulars relating to Accounting Standard 15 "Employee Benefits" (Revised) is provided below:

(i) Defined-Contribution Plans

The Company has recognised ₹ 9,743,798/- (Previous year – ₹ 9,044,138/-) as expense in the Statement of Profit and Loss under Company's Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner and ₹ 12,008,113/- (Previous year ₹ 11,179,111/-) as Company's contribution to Superannuation Fund maintained with Life Insurance Corporation of India

(ii) Defined-Benefits Plans :

The Company operates funded post retirement defined benefit plans for gratuity, details of which are as follows :

I.	Assumptions	For the year ended March 31, 2012	For the year ended March 31, 2011
	Discount Rate	8.50%	8.25%
	Rate of Return on Plan Assets	8.60%	8.00%
	Salary Escalation	6.50%	6.00%
	Mortality Table	LIC(1994-96)	LIC(1994-96)
II.	Table Showing Change in Benefit Obligation:	March 31, 2012 (₹)	March 31, 2011 (₹)
	Liability at the beginning of the year	47,233,591	34,870,344
	Interest Cost	3,896,771	2,876,803
	Current Service Cost	9,173,447	3,872,842
	Liability Transfer In	-	148,436
	Liability Transfer Out	(3,813,462)	(5,640,865)
	Benefit Paid	(892,500)	(2,180,769)
	Actuarial (gain)/loss on obligations	8,757,165	13,286,800
	Liability at the end of the year	64,355,012	47,233,591
III.	Tables of Fair value of Plan Assets :		
	Fair Value of Plan Assets at the beginning of the year	39,070,428	33,276,043
	Expected Return on Plan Assets	2,870,283	2,662,083
	Contributions	30,101,902	10,427,056
	Transfer from other Company	-	148,436
	Transfer to other Company	(3,813,462)	(5,640,865)
	Benefit Paid	(892,500)	(2,180,769)
	Actuarial gain/(loss) on Plan Assets	1,134,703	378,444
	Fair Value of Plan Assets at the end of the year	68,471,354	39,070,428
	Total Actuarial Gain/ (Loss) to be recognized	(7,622,462)	(12,908,356)

IV.	Actual Return on Plan Assets :	March 31, 2012 (₹)	March 31, 2011 (₹)
	Expected Return on Plan Assets	2,870,283	2,662,083
	Actuarial gain/(loss) on Plan Assets	1,134,703	378,444
	Actual Return on Plan Assets	4,004,986	3,040,527

	March 31, 2012 (₹)	March 31, 2011 (₹)	March 31, 2010 (₹)	March 31, 2009 (₹)
V.	Amount Recognised in the Balance Sheet:			
	Liability at the end of the year	64,355,012	47,233,591	34,870,344
	Fair Value of Plan Assets at the end of the year	68,471,354	39,070,428	33,276,043
	Difference	4,116,342	(8,163,163)	(1,594,301)
	Unrecognised Past Service Cost	-	-	-
	Amount Recognised in the Balance Sheet	4,116,342	(8,163,163)	(1,594,301)

VI.	Expenses Recognised in the Statement of Profit and Loss:	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
	Current Service Cost	9,173,447	3,872,842
	Interest Cost	3,896,771	2,876,803
	Expected Return on Plan Assets	(2,870,283)	(2,662,083)
	Net Actuarial (Gain)/ Loss To Be Recognised	7,622,462	12,908,356
	Expense Recognised in Statement of Profit & Loss	17,822,397	16,995,918
VII.	Balance Sheet Reconciliation :		
	Opening Net Liability	8,163,163	1,594,301
	Expense as above	17,822,397	16,995,918
	Transfer from other Company	-	-
	Employers Contribution	(30,101,902)	10,427,056
	Amount Recognised in Balance Sheet	(4,116,342)	8,163,163
VIII.	Description of Plan Assets		
	Insurer Managed Funds	100%	100%
IX.	Experience Adjustments :		
	Experience adjustments on plan liabilities gain/(loss)	12,962,572	(629,195)
	Experience adjustments on plan assets gain/(loss)	1,134,703	378,444

Other Details :

The employer's best estimate of the contributions expected to be paid to the plan during the next 12 month ₹ Nil

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

5) Short Term Provisions :

- a) Short Term provision consists of provision for amounts due to be settled within twelve months after the balance sheet date :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Provision for Employee Benefits	70,883,388	74,662,998
Provision for Tax	35,492,552	49,810,937
Provision for Dividend	312,413,115	308,439,383
Provision for Dividend Tax	50,681,218	50,036,579
Provision for mark to market on derivative contracts	4,825,844	-
	474,296,117	482,949,897

- b) Movement of Provision for Mark to market on Derivatives Contracts:

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Opening Balance	-	107,943
Add: Provision made during the year	4,825,844	-
Less : Provision reversed during the year		(107,943)
Closing Balance	4,825,844	-

6) Other Current Liabilities :

- a) Other Current Liabilities consists of :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Unclaimed Dividend	17,163,619	14,477,207
Statutory Liabilities	8,968,051	17,518,189
	26,131,670	31,995,396

- b) Unclaimed dividend of ₹ 17,163,619/- relates to the period from FY 2004-2005 to FY 2010-2011. During the year an amount of ₹ 672,887/- (Previous Year: ₹ 517,111/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2004

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

7) Fixed Assets :

Amount (₹)

Description of Assets	GROSS BLOCK (at Cost)			DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.04.2011	Additions/ Adjustments	Deductions/ Adjustments	As on 31.03.2012	Up to 31.03.2011	For the Year	Deductions/ Adjustments	Up to 31.03.2012	As on 31.03.2012
Tangible Assets :									
Furniture and Fixtures	9,039,496	1,666,606	(1,469,394)	9,236,708	4,848,302	1,628,282	(1,380,308)	5,096,276	4,140,432
Vehicles	1,047,638	-	(25,660)	1,021,978	110,955	257,089	(18,326)	349,718	672,260
Office Equipments	2,235,076	529,528	(474,983)	2,289,621	1,751,660	657,795	(432,562)	1,976,893	312,728
Data Processing Equipments	6,651,499	1,202,053	(1,590,781)	6,262,771	4,527,740	1,496,637	(1,557,503)	4,466,874	1,795,897
Lease Improvements	7,952,435	-	-	7,952,435	3,298,382	2,301,751	-	5,600,133	2,352,302
Total (A)	26,926,144	3,398,187	(3,560,818)	26,763,513	14,537,039	6,341,554	(3,388,699)	17,489,894	9,273,619
Previous Year	24,883,490	3,791,376	(1,748,722)	26,926,144	9,970,243	6,018,183	(1,451,387)	14,537,039	12,389,105
Intangible Assets :									
Computer Software	5,134,186	-	-	5,134,186	4,293,491	840,695	-	5,134,186	-
Business Know-how, Management and Advisory Contracts	113,099,511	-	-	113,099,511	113,099,511	-	-	113,099,511	-
Total (B)	118,233,697	-	-	118,233,697	117,393,002	840,695	-	118,233,697	-
Previous Year	118,233,697	-	-	118,233,697	116,234,104	1,158,898	-	117,393,002	840,695

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

8) Non Current Investments

Non Current investment consists of :

	Particulars	Face Value (₹)	Quantity	Cost As at March 31, 2012 (₹)	Quantity	Cost As at March 31, 2011 (₹)
A	Trade Investments					
I	Investment in Equity Instruments (Unquoted)(Fully Paid-up)					
i)	Investment in subsidiaries					
	IL&FS Asian Infrastructure Managers Ltd	10	2,341,837	23,418,370	2,341,837	23,418,370
	IL&FS Urban Infrastructure Managers Ltd	10	1,000,000	10,000,000	1,000,000	10,000,000
	IL&FS Investment Advisors LLC	USD 1	56,997	855,190	56,997	855,190
	IIML Asset Advisors Limited (Class A equity shares)	100	224,762	41,464,117	224,762	41,464,117
	IIML Asset Advisors Limited (Class B equity shares)	100	215,948	8,400,000	-	-
	IIML Advisors LLC	USD 1	1	45	-	-
	IIML Fund Managers (Singapore) Pte Ltd	USD 10	25,000	13,067,500	-	-
				97,205,222		75,737,677
ii)	Investment in joint venture (Fully Paid-up)					
	IL&FS Milestone Realty Advisors Private Ltd	10	400,000	800,000	400,000	800,000
	Standard Chartered IL&FS Management (Singapore) Pte Ltd	USD 1	50,000	2,218,500	50,000	2,218,500
				3,018,500		3,018,500
iii)	Investment in Other					
	Avantika Gas Ltd	10	8,250	82,500	8,250	82,500
	Total Investment in Equity Instruments			100,306,222		78,838,677
II	Investment in Unquoted Redeemable Participating Shares (Fully Paid-up)					
	- Investment in subsidiaries					
	IL&FS Investment Advisors LLC	USD 0.01	100,000	45,010	100,000	45,010
	IIML Advisors LLC	USD 0.01	9,999,900	4,450,955	-	-
	Total Investment in Participating shares			4,495,965		45,010
III	Investment in Units of Venture Fund (Unquoted)(Fully Paid-up)					
	South Asian Regional Apex Fund	5,000	738	3,406,051	1,033	4,768,656
	Leverage India Fund	1,000	100	100,000	100	100,000
	Infrastructure Leasing & Financial Services Realty Fund	100	500	50,000	500	50,000
	IFIN Realty Trust	10,000	10	100,000	10	100,000

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

	Particulars	Face Value (₹)	Quantity	Cost As at March 31, 2012 (₹)	Quantity	Cost As at March 31, 2011 (₹)
	TARA India Fund III Trust	10,000	50	500,000	50	500,000
	TARA India Fund III Domestic Trust	1,000	500	500,000	500	500,000
	Urjankur Nidhi Trust	100	1,000	100,000	1,000	100,000
	Total Investment in Units of Venture Fund			4,756,051		6,118,656
IV	Investment in Limited Liability Partnership (Unquoted)					
	AMCF India Participations, L.P.			20,266,516		20,266,516
	The Company's has 100% Share in the Limited Partners Capital, where Asia Mezzanine Capital Partners LP have 100% voting rights.					
	Total			20,266,516		20,266,516
	Total Investments (I+II+III+IV)			129,824,754		105,268,859
	Less: Provision for share in loss in Limited Liability Partnership			(20,266,516)		(20,266,516)
	Grand total			109,558,238		85,002,343

9) Current Investments :

The details of Current Investments are provided below :

Particulars	As at March 31, 2012			As at March 31, 2011		
Non Trade – Unquoted (at cost)						
Investment in Mutual Funds	Units	Face Value (₹)	Amount (₹)	Units	Face Value (₹)	Amount (₹)
Kotak Flexi Debt Scheme - Institutional Daily Dividend- Reinvestment	-	-	-	3,551,912	10	35,687,833
Taurus Ultra Short Term Bond	-	-	-	2,067	1,000	2,070,287
ICICI Prudential Flexible Income Plan - Daily Dividend	190,293	10	20,120,645	163,277	10	17,264,117
Baroda Pioneer Treasury Advantage Fund - Institutional Daily Dividend Plan	58,458	10	58,512,104	55,030	10	55,080,207
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvestment	1,015,424	10	10,172,420	2,499,571	10	25,040,454
Birla Sunlife Cash plus - IP - Daily Dividend –Reinvestment	300,791	100	30,137,789	-	-	-
Templeton India Ultra Short Term Bond -Super IP	5,013,008	10	50,529,035	-	-	-
TATA Tresury Manager Fund	14,902	10	15,056,031	-	-	-
Reliance Liquid Fund Treasury Fund - Treasury Plan - IP - Daily Dividend Reinvestment	3,285,738	10	50,230,401	-	-	-
			234,758,425			135,142,898

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

10) Deferred Tax :

Deferred Tax provision has been made in accordance with the requirements under the Accounting Standard - 22 "Accounting for Taxes on Income"

- During the current year ended March 31, 2012 the timing difference has resulted in a net deferred tax asset of ₹ 4,969,000/-
- The deferred tax asset recognised in the accounts as of March 31, 2012 are as follows:

Nature of Timing Differences	March 31, 2011 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	March 31, 2012 Asset/(Liability) (₹)
Net Depreciation	5,559,000	359,000	5,918,000
Retirement Benefits	7,489,000	2,619,000	10,108,000
Placement Fees	(4,318,000)	1,991,000	(2,327,000)
Total	8,730,000	4,969,000	13,699,000

11) Long term Loans and advances :

Long Term Loans and advances consist of amounts expected to be realized beyond twelve months of the Balance Sheet date :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Secured , considered good :		
Staff Loan	330,963	456,480
Unsecured , considered good :		
Loans and advances given to Related Parties	363,575,000	181,675,000
Security Deposits	86,000	86,000
Prepaid Expenses	11,095,778	11,091,551
	375,087,741	193,309,031

12) Short Term Loans and advances :

- Short Term Loans and advances consist of amounts expected to be realized within twelve months of the Balance Sheet date :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Secured, considered good :		
Staff Loan	201,313	488,351
Unsecured , considered good :		
Loans and advances to Related parties :		
Loans and advances given to Related Parties	90,000,000	313,365,753
Total (a)	90,000,000	313,365,753
Other Loans and advances :		
Advance Tax (net of provision)	39,381,795	39,381,794
Prepaid Expenses	20,738,218	15,388,092
Sundry Deposit	600,000	600,000
Service Tax Input Credit Available	1,493,982	856,968

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

Particulars (contd.)	March 31, 2012 (₹)	March 31, 2011 (₹)
Advances Recoverable in cash or in kind or for value to be received	7,306,427	15,883,225
Total (b)	69,520,422	72,110,079
Total (a+b)	159,520,422	385,475,832
Total	159,721,735	385,964,183

- b) Advances Recoverable in cash or in kind or for value to be received includes advance recoverable on account of reimbursement of Out of pocket expenses and travel advance given to employees

13) Other Non Current Assets :

Other Non Current Assets consists of :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Unamortised Placement Fees	1,667,853	7,172,947
Interest accrued	51,638,079	32,093,204
	53,305,932	39,266,151

14) Other Current Assets :

Other Current Assets consists of :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Interest accrued	11,692,083	9,584,288
Unamortised - Forward Cover Premium	3,231,000	5,345,000
Unamortised Placement Fees	5,505,095	6,137,060
Revaluation Gain on Forward Contracts	-	2,773,481
	20,428,178	23,839,829

15) Trade Receivables :

Trade Receivables consist of dues arising from services rendered in the normal course of business of the Company :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Unsecured , considered good : (outstanding for more than 6 months from the date they are due for payment)	33,952,987	24,899,564
Unsecured , considered good : (outstanding for more than 6 months from the date they are due for payment)	332,717,412	351,310,561
	366,670,399	376,210,125

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

16) Cash and Cash Equivalents :

Cash and Cash Equivalents consists of :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
a) Cash on hand	44,947	27,427
b) Cheques on Hand	-	24,902
c) Balance with Banks		
i) in Current Accounts	30,189,238	28,875,862
ii) in EEFC Accounts	4,024,574	21,351,701
iii) in Fixed Deposit Accounts *	31,000,000	16,000,000
iv) in earmarked Accounts		
- in Current Accounts referring to unclaimed dividend accounts	17,163,619	14,477,207
	82,422,378	80,757,099

- (i) * Of the above an amount of ₹ Nil (Previous year ₹ 16,000,000/-) in Fixed Deposits are held with more than 12 months maturity
- (ii) Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS-3 "Cash Flow Statements" are Cash on hand , Cheques on hand , Balances with bank in Current and EEFC accounts amounting to ₹ 34,258,759/- (Previous year ₹ 50,279,892/-)

17) Contingent Liabilities :

Particulars	March 31, 2012 (₹)	March 31, 2011 (₹)
Claims not acknowledged as debts:		
Income tax demand contested by the Company	14,176,014	12,187,094
Estimated Project development Cost for Urjankur Nidhi Trust	-	21,331,380

The Company does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof

18) Revenue from Operations :

Revenue from Operations comprises of :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Fees from Fund Management and Advisory Services	852,082,947	852,767,743
Total	852,082,947	852,767,743

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

19) Other Operating Income :

a) Other Operating Income comprises of :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Dividend Income :		
From Subsidiaries	112,187,175	1,879,426
From Other Long-term trade investments	-	1,700,000
From Current non-trade Investments	20,318,059	11,763,888
Total (a)	132,505,234	15,343,314
Net gain/loss on sale of investments :		
Profit on sale of Long-term trade Investments	112,395	748,115
Profit on sale of current non-trade Investments	-	6,440
Total (b)	112,395	754,555
Interest Income on		
- On Fixed Deposits with Banks	1,400,463	986,291
- On Other Deposits / Loans	40,085,238	44,554,362
Total (c)	41,485,701	45,540,653
Total (a+b+c)	174,103,330	61,638,522

b) Interest Income includes tax deducted at source of ₹ 4,148,775/- (Previous year ₹ 4,546,706/-)

20) Other Income :

a) Other Income comprises of :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Profit on sale of Fixed Assets	72,945	91,687
Forward Cover Premium earned	-	6,143,924
Miscellaneous Income	5,376,208	23,092,353
Foreign Exchange Gain	-	5,700,806
Income from sale of Duty Free Licences	11,118,456	-
Total	16,567,609	35,028,770

b) Miscellaneous Income includes ₹ 5,361,200/- (Previous year ₹ 23,040,870/-) being the reversal of excess provision for Performance Pay

c) Income from sale of Duty free licences is based on invoices raised for licenses sold to related party

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

21) Employee Benefit Expense :

Employee Benefit Expense include :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Salaries and Allowances	232,059,072	222,092,236
Contribution to Provident Fund and Other Funds	40,496,064	38,071,543
Staff Training and Welfare Expenses	2,244,039	2,120,565
Sub Total	274,799,175	262,284,344
Less : Recovery on deputation /Cost sharing	-	(7,213,630)
Total	274,799,175	255,070,714

22) Other Administrative and Operating Expenses :

a) Other Administrative and Operating Expenses consists of :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Rent	36,928,196	36,109,280
Repairs and Maintenance	3,236,197	3,166,890
Insurance	3,656,516	3,969,251
Rates and Taxes	1,001,684	2,550,180
Legal and Professional Expenses	48,144,520	21,195,560
Electricity and Water Charges	1,340,164	907,007
Travelling and Conveyance	25,051,902	19,167,446
Postage and Telecommunication	3,940,262	3,972,248
Printing and Stationery	3,220,517	2,121,584
Debts/Advances Written Off	162,895	-
Brand Subscription Fees	11,867,936	11,963,336
Directors Sitting Fees	1,044,000	968,000
Foreign Exchange Loss (net)	17,854,936	-
Miscellaneous Expenses	27,682,885	26,563,723
Total	185,132,610	132,654,505

Miscellaneous Expenses includes commission to non whole time directors, advertisement expenses, service promotion expenses, subscription to clubs/association, general office expenses, amounts paid/payable to auditors

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

b) Amounts paid/payable to the Auditors :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
As Auditors	1,850,000	1,750,000
For audit of consolidated accounts	500,000	400,000
For Tax Audit	300,000	250,000
In any other capacity		
For taxation matters	350,000	350,000
For other services, certification etc	650,000	855,000
Out of Pocket Expenses	5,100	20,045
The above fees is excluding Service tax		

c) Earnings in Foreign Currency (on accrual basis)

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Fees from Fund Management and Advisory Services	631,360,151	576,448,933

d) Expenditure in Foreign Currency (on accrual basis) on:

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Legal and Professional fees	834,171	118,950
Travelling Expenses	3,969,697	1,701,857
Conference and Seminar	4,557,629	3,457,236
Books and Periodicals	339,370	201,874
Subscription to Clubs and association	1,431,085	1,517,837
Training	-	27,066

23) Leases :

The Company has entered into Operating Lease arrangements towards provision for vehicles and Business Centre arrangement towards use of office facility. The minimum future payments during non-cancellable periods under the foregoing arrangements in the aggregate for each of the following periods is as follows:

Future Lease Rentals	March 31, 2012 (₹)	March 31, 2011 (₹)
Not later than one year	26,315,048	24,132,204
Later than one year but not later than 5 years	7,605,253	27,362,158
Later than 5 years	-	-
Amount charged to the Profit and Loss Statement	26,798,036	25,194,690

24) Dividend paid in Foreign Currencies to Non resident Shareholders :

No Dividend has been paid in Foreign Currencies to non-resident shareholders in current year and previous year

25) Derivatives and foreign currency Exposures :

- a) The Company has following forward exchange contract outstanding :

Particulars	March 31, 2012	March 31, 2011
No of Contracts	3	2
Notional amount (Sell)	\$5,000,000	\$4,500,000
Notional amount (Buy)	₹ 256,677,500	₹ 210,070,000

- b) Foreign currency exposures :

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at March 31, 2012	As at March 31, 2011
Receivables	\$ 1,310,668	\$ 1,780,667
Amount in ₹	67,049,188	79,506,782
EEFC Account Balance	\$ 78,671.81	\$ 478,201
Amount in ₹	4,024,574	21,351,701

26) Earning Per Share :

In accordance with the Accounting Standard on 'Earnings Per Share' (AS-20), the Basic Earnings Per Share and Diluted Earnings Per Share has been computed by dividing the Profit After Tax by the number of equity shares for the respective years as under :

Particulars	March 31, 2012	March 31, 2011
Profit After Tax (₹)	410,428,852	374,061,735
Weighted Average Number of Equity Shares in calculating Basic EPS	206,808,126	203,562,537
Add: Potential Equity Shares on conversion of ESOPs outstanding at the end of the year (weighted average from date of grant for options issued during the year)	1,136,352	4,232,041
Weighted Average Number of Equity Shares in calculating Diluted EPS	207,944,478	207,794,578
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	1.98	1.84
(iii) Diluted Earnings per share (₹)	1.97	1.80

- 27) According to the records available with the Company, there were no dues to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act 2006. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid / payable as required under the said Act have not been given

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

28) Disclosure as required by the AS 18 on "Related Party Disclosures" are made below :

(a) Name of the Related Parties (with whom transactions entered into during the year) and Description of Relationship:

Sr No	Holding Company	March 31, 2012	March 31, 2011
1	Infrastructure Leasing & Financial Services Limited	√	√
Sr No	Subsidiaries	March 31, 2012	March 31, 2011
1	IL&FS Urban Infrastructure Managers Limited	√	√
2	IL&FS Asian Infrastructure Managers Limited	√	√
3	IL&FS Investment Advisors LLC	√	√
4	IL&FS Singapore Asset Management Company Pte Ltd (Upto September 12, 2010)	-	√
5	IIML Asset Advisors Limited	√	√
6	IIML Advisors LLC (incorporated on June 10, 2011)	√	-
7	IIML Fund Managers (Singapore) Pte Ltd (incorporated on December 13, 2011)	√	-
Sr No	Fellow Subsidiaries*	March 31, 2012	March 31, 2011
1	IL&FS Property Management & Services Limited (upto October 1, 2010)	-	√
2	IL&FS Education & Technology Services Limited	√	√
3	IL&FS Financial Services Limited	√	√
4	IL&FS Securities Services Limited	√	√
5	IFIN Realty Trust	√	√
6	IL&FS IIDC Fund	√	√
7	IL&FS Infrastructure Equity Fund - I	√	√
8	IL&FS Trust Company Limited	√	√
9	IL&FS Renewable Energy Limited (from March 25, 2011)	√	√
10	Rapid Metro Gurgaon Limited	√	√
Sr No	Joint Venture Companies	March 31, 2012	March 31, 2011
1	IL&FS Milestone Realty Advisors Private Limited	√	√
2	Standard Chartered IL&FS Management (Singapore) Pte Limited (From 30 th December 2010)	√	√

* As certified by the Holding Company and with whom transactions done during the year

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

b) The nature and volume of transactions during the year with the above related parties were as follows:

i) Transactions with holding company

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
Infrastructure Leasing & Financial Services Limited	Rent	32,292,398 (31,248,913)	-
	Repairs and Maintenance Expenses - Others	455,832 (602,400)	-
	Electricity Charges	890,000 (413,000)	-
	Brand Subscription fees	11,867,936 (11,963,336)	-
	Fund Management Fee	Nil (10,700,000)	-
	Salary Deputation Cost recovery	Nil (792,464)	-
	Sale/Transfer of asset	Nil (104,488)	-
	Interest income on Term Deposits	22,119,363 (28,857,645)	-
	Trade Payables		2,402,391 (4,215,987)
	Short term Loans and Advances		Nil (356,059)
	Short Term Loans and Advances – Inter Corporate Deposits		60,000,000 (313,365,753)
	Long Term Loans and Advances – Inter Corporate Deposits		200,000,000 (Nil)
	Other Current Assests – Interest accrued		1,635,103 (9,243,225)
	Other Non Current Assests – Interest Accrued		13,041,372 (Nil)
	Term Deposits placed	260,000,000 (377,303,253)	-
	Repayment of Term Deposits	210,000,000 (383,937,500)	-
	Transfer of Assets	9,333 (Nil)	-

(Figures in brackets represent figures of previous year)

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

ii) Transactions with subsidiaries

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
IL&FS Asian Infrastructure Managers Limited	Fund Management and Advisory Fees	7,425,000 (11,137,500)	-
	Short Term Advances – Other advances recoverable in cash or kind		420,943 (Nil)
IL&FS Investment Advisors LLC	Fund Management and Advisory Fees	621,999,046 (568,337,599)	-
	Trade Receivables		321,296,992 (280,431,782)
IL&FS Singapore Asset Management Pte Limited	Fund Management and Advisory Fees	Nil (5,685,000)	-
IL&FS Urban Infrastructure Managers Limited	Short Term Advances – Other advances recoverable in cash or kind	-	500 (Nil)
IIML Asset Advisors Limited	Short Term Advances – Other advances recoverable in cash or kind	-	11,669 (Nil)

(Figures in brackets represent figures of previous year)

iii) Transactions with fellow subsidiaries

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
IL&FS Property Management & Services Limited	Repairs & Maintenance Expenses	Nil (166,160)	-
	Trade Payables		Nil (214,197)
IL&FS Education & Technology Services Limited	Repairs & Maintenance Expenses	Nil (100,000)	-
	Short Term Advances – Other advances recoverable in cash or kind		Nil (16,048)
IL&FS Financial Services Limited	Trade Payables		Nil (9,181)
IL&FS Securities Services Limited	Custody Charges	39,054 (24,097)	-
	Legal and Professional Fees	120,000 (Nil)	-
	Trade Payables		21,868 (12,973)

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
IFIN Realty Trust	Fund Management and Advisory Fees	16,385,172 (17,500,000)	-
	Trade Payables		13,044 (Nil)
IL&FS IIDC Fund	Fund Management and Advisory Fees	1,000,000 (1,000,000)	-
IL&FS Infrastructure Equity Fund – I	Fund Management and Advisory Fees	45,061,378 (54,000,000)	-
IL&FS Trust Company Limited	General Office Expenses	10,980 (Nil)	-
	Trade Payables		11,869 (Nil)
Rapid Metro Gurgaon Limited	Income from sale of Duty Free Licenses	11,118,456 (Nil)	9,885,725 (Nil)

(Figures in brackets represent figures of previous year)

c) Transactions with Key Management Personnel

Key Management Personnel :

Dr Archana Hingorani CEO & Executive Director

Mr Alok Bhargava Executive Director (Upto July 15, 2010)

For the year ended	March 31, 2012 (₹)	March 31, 2011 (₹)
Remuneration	26,240,982	42,112,867

d) Transaction with IVC Employee Welfare Trust

Nature of Transaction	March 31, 2012 (₹)	March 31, 2011 (₹)
Interest Income	17,935,631	15,638,006
Repayment of Loan	-	28,100,000
Payment of Interest	-	8,025,742
Disbursement of Loan	11,900,000	23,000,000
Balance Loan Recoverable :		
Loan Amount		
Short Term	30,000,000	-
Long Term	163,575,000	181,675,000
Interest accrued		
Current	9,638,566	-
Non Current	38,596,707	32,093,205

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2012

29) Joint Venture Disclosure :

The Company has the following Joint Ventures as on March 31, 2012 and its proportionate share in the assets, liabilities, income and expenditure of the joint venture entities on the basis of the financial statements as at / for the year ended of those entities is given below :

Name of the Joint Venture Company	% of Holding	Assets (₹)	Liabilities (₹)	Income (₹)	Expenditure (₹)
IL&FS Milestone Realty Advisors Private Limited	40%	78,283,685	23,801,192	76,951,070	58,581,225
Standard Chartered IL&FS Management (Singapore) Pte Limited (From 30 th December 2010)	50%	235,973,885	175,940,146	197,512,688	197,501,734

30) Segment Reporting :

The Company is in the business of providing asset management and other related service. As such, there are no separate reportable business segment or geographical segment as per Accounting Standard 17 on "Segment Reporting". It is considered appropriate by the Management to have a single segment i.e. "Asset Management and other related service"

- 31) Consequent to the "NOTIFICATION NO. S.O. 447(E), DATED 28-2-2011 [AS AMENDED BY NOTIFICATION NO F.NO 2/6/2008-CL-V, DATED 30-3-2011] the financial statements have been presented in accordance with the Revised Schedule VI. As required under the said notification , the corresponding amounts for the previous year have been reclassified and presented in accordance with the current year presentation

The accompanying Notes are an integral part of the Financial Statements

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 03, 2012

Statement pursuant to General Circular No. 2/2011 File No. 51/12/2007-CL-III dated February 8, 2011

issued by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956

Sr. No.	Name of the Subsidiary Company	IL&FS Investment Advisors LLC	IIML Advisors LLC	IIML Fund Managers (Singapore) Pte Limited	IL&FS Asian Infrastructure Managers Limited	IL&FS Urban Infrastructure Managers Limited	IIML Asset Advisors Limited
	Financial year ended on	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12
1.	Reporting Currency	USD	USD	USD	INR	INR	INR
2.	Exchange Rate	51.1565	51.1565	51.1565	1.00	1.00	1.00
3.	Capital	2,967,077	5,115,650	12,789,125	45,918,370	10,000,000	44,071,000
4.	Reserves	1,251,134,162	(5,572,324)	(3,032,608)	18,453,538	65,038,000	103,259,001
5.	Total Assets	2,717,269,889	3,774,992	12,648,956	65,467,588	94,484,722	165,496,826
6.	Total Liabilities	1,463,168,647	4,231,666	2,892,439	1,095,680	19,446,722	18,166,825
7.	Investment Other than Investment in Subsidiary	102,518	-	-	50,024,479	-	110,357,915
8.	Turnover	1,656,969,624	-	-	20,033,923	130,215,509	111,864,154
9.	Profit/(Loss) before Taxation	405,612,829	(5,572,324)	(3,032,608)	6,620,144	56,625,740	27,135,702
10.	Provision for Taxation	15,064,668	-	-	956,000	18,599,015	8,089,000
11.	Profit/(Loss) after Taxation	390,548,160	(5,572,324)	(3,032,608)	5,664,144	38,026,725	19,046,702
12.	Proposed Dividend	115,102,130	-	-	-	-	-
13.	Country	Mauritius	Mauritius	Singapore	India	India	India

Notes :

The Ministry of Corporate Affairs, Government of India vide General Circular No. 2/2011 File No. 51/12/2007-CL-III dated February 8, 2011, had issued directions under Section 212(8) of the Companies Act, 1956 to grant a general exemption from attaching the financials along with the Directors' Report and the Auditors' Report of the subsidiary companies to the financials of the holding company on fulfillment of certain conditions. The above statement has been prepared for each of the Company's Subsidiaries under the terms of the aforesaid circular ('Subsidiary Company' as defined under Section 4 of the Companies Act, 1956)

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 03, 2012



CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF IL&FS INVESTMENT MANAGERS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IL&FS INVESTMENT MANAGERS LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of IL&FS INVESTMENT MANAGERS LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities together constitute the "Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, annexed thereto. The Consolidated Financial Statements include investments in the jointly controlled entities accounted for in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. The Consolidated Financial Statements is the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹ 2,864,721,655 as at March 31, 2012, total revenue of ₹ 1,513,049,709 and net cash inflows amounting to ₹ 12,051,020 for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion insofar as it relates to the amounts included in respect of these four subsidiaries, is based solely on the reports of the other auditors.
4. The Consolidated Financial Statements include total assets ₹ 235,973,886 as at March 31, 2012, total revenue of ₹ 197,512,688 and net cash outflows amounting to ₹ 86,556,695 for the year ended on that date, being the Group's proportionate share in one jointly controlled entity, which has been consolidated on the basis of unaudited financial information available with the Company's Management.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 on Consolidated Financial Statements and Accounting Standard 27 on Financial Reporting of Interests in Joint Ventures as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and joint ventures, to the best of our information and according to the explanations given to us, subject to our comments in paragraph 4 regarding inclusion of unaudited financial information and read with our comments in paragraph 3 regarding financial statements audited by other auditors, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No. 117366W)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : May 03, 2012

Consolidated Balance Sheet As At 31st March, 2012

(Amount in ₹)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2011
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	416,570,820		411,272,510	
Reserves and Surplus	3	1,917,059,128	2,333,629,948	1,362,259,368	1,773,531,878
Minority Interest			31,542,266		50,361,636
Non-Current Liabilities					
Long-term borrowings	4	255,782,500		535,800,000	
Deferred tax liabilities (Net)	13	16,430,677		17,088,359	
Other Long term liabilities	6	2,364,176		13,653,120	
Long term provisions	8	38,105,470	312,682,823	28,056,428	594,597,907
Current Liabilities					
Current maturities of Long Term Borrowings	5	358,095,500		312,550,000	
Trade payables		174,540,845		124,286,949	
Other current liabilities	7	185,673,123		184,924,514	
Short-term provisions	9	558,717,848	1,277,027,316	532,297,736	1,154,059,199
Total			3,954,882,353		3,572,550,620
ASSETS					
Non-current assets					
Fixed assets	10				
Tangible assets		35,003,933		41,422,554	
Intangible assets		1,614,698,495		1,620,556,858	
Capital work-in-progress		-		300,000	
Non-current investments	11	76,907,115		52,352,911	
Deferred tax assets (net)	13	17,425,748		10,904,763	
Long term loans and advances	14	383,783,785		206,420,991	
Other non-current assets	16	160,263,001	2,288,082,077	170,468,505	2,102,426,582
Current assets					
Current investments	12	395,040,819		194,176,049	
Trade receivables	18	412,639,263		223,097,908	
Cash and cash equivalents	19	603,507,657		559,653,287	
Short-term loans and advances	15	215,176,989		451,494,408	
Other current assets	17	40,435,548	1,666,800,276	41,702,386	1,470,124,038
Total			3,954,882,353		3,572,550,620
Significant Accounting Policies	1				

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Kalpesh J Mehta
Partner

Place : Mumbai
Date : May 03, 2012

S M Datta
Chairman

Manoj Borkar
Chief Financial Officer

For and on behalf of the Board
Archana Hingorani
Chief Executive Officer &
Executive Director

Sanjay Mitra
Company Secretary

Consolidated Statement of Profit and Loss For The Year Ended 31st March, 2012

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
Revenue :			
Revenue from operations	21	2,125,875,618	1,900,353,794
Other Operating Income	22	79,808,599	72,552,940
Other Income	23	41,330,489	39,287,719
		2,247,014,706	2,012,194,453
Expenses:			
Employee benefit expenses	24	525,521,060	465,289,688
Other Administrative and Operating expenses	25	496,587,216	363,686,645
		1,022,108,276	828,976,333
Profit before Depreciation, Finance Cost and Taxation		1,224,906,430	1,183,218,120
Finance cost	26	38,824,722	17,583,508
Depreciation and amortisation expenses	10	232,939,785	260,442,710
Profit before Tax		953,141,923	905,191,902
Tax expense:			
- Current tax		223,887,627	216,040,105
- Deferred tax		(8,847,358)	(3,773,847)
Profit for the year		738,101,654	692,925,644
Less: Minority Interest		(2,775,430)	(2,725,340)
Group Profit for the year		735,326,224	690,200,304
Earning per equity share: (refer Note 30) (Equity shares of Face value ₹ 2/- each)			
- Basic		3.56	3.39
- Diluted		3.54	3.32
Significant Accounting Policies	1		

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 03, 2012

Consolidated Cash Flow Statement For The Year Ended 31st March, 2012

(Amount in ₹)

			March 31, 2012	March 31, 2011
(A)	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX		953,141,923	905,191,902
	Adjustments for:			
	Depreciation and Amortisation		232,939,785	260,442,710
	Provision for Doubtful Advances		162,895	-
	Provisions & Contingencies		24,107,135	-
	Provision for Employee Benefits (Net)		11,441,333	15,642,602
	Interest Income		(48,227,114)	(47,756,354)
	Interest Expense		38,824,722	16,317,474
	Unrealised Exchange Gain		(74,423,889)	(21,517,946)
	Loss on sale of Subsidiary		-	646,620
	Net Profit on sale of Long Term Investments		(1,023,844)	(596,155)
	Profit on sale of Own Assets (Net)		(70,684)	(91,687)
			183,730,339	223,087,264
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		1,136,872,262	1,128,279,166
	Decrease / (Increase) in Trade Receivables		(189,541,355)	222,786,209
	(Increase)/Decrease in Short Term & Long Term Loans & Advances		15,615,784	(2,489,735)
	Decrease/(Increase) in Other Current & Other Non-current Assets		37,986,528	-
	(Decrease)/Increase in Trade Payables and Other Current, Other Non-current Liabilities		37,027,149	(485,954,180)
	Cash Flow after Working Capital Changes		1,037,960,368	862,621,460
	Income Tax Paid (Net)		(230,700,962)	(208,404,649)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	(A)	807,259,406	654,216,811
(B)	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets		(7,217,456)	(27,202,974)
	Proceeds from sale of Fixed Assets		267,098	1,148,102
	Purchase of Long Term Investments		(28,404,899)	(200,000)
	Investment in Jointly Controlled Entity		-	(2,218,500)
	Purchase consideration paid acquisition by Merger		-	(1,706,339,310)
	Purchase of share in a Subsidiary		(8,400,000)	(41,464,117)
	Proceeds from sale of a Subsidiary		-	1,228,672
	Proceeds from sale of Long Term Investments		4,874,539	7,817,500
	Decrease / (Increase) in Current Investments		(200,864,770)	137,687,521
	Inter Corporate Deposits given		(260,000,000)	(377,303,253)
	Inter Corporate Deposits refunded		313,365,753	383,937,500
	Loans given		(11,900,000)	(23,000,000)
	Loans refunded		-	28,100,000

Consolidated Cash Flow Statement For The Year Ended 31st March, 2012

(Amount in ₹)

			March 31, 2012	March 31, 2011
	Dividend Received from a Subsidiary		-	1,879,426
	Interest received		24,943,928	38,776,582
	Cash received from Fixed Deposits matured (net)		35,686,633	216,506,710
	NET CASH USED IN INVESTING ACTIVITIES	(B)	(137,649,174)	(1,360,646,141)
(C)	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from Issuance of Share Capital at premium		39,017,043	33,690,193
	Interest Paid		(38,824,722)	(16,317,474)
	Borrowings taken		-	893,000,000
	Borrowing repaid		(234,472,000)	(44,650,000)
	Dividend paid to Minority		-	(1,805,723)
	Dividend paid (Including tax thereon)		(358,475,962)	(366,169,297)
	NET GENERATED FROM / (USED IN) FINANCING ACTIVITIES	(C)	(592,755,641)	497,747,699
(D)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	76,854,591	(208,681,631)
	Cash and cash equivalents at the beginning of the year		421,111,473	88,083,054
	Adjustments on accounts of :			
	a) New Joint Venture		-	219,422,446
	b) Acquisition through Merger		-	258,278,148
	c) New Subsidiary		-	68,723,835
	d) Cessation of a subsidiary		-	(4,714,379)
	Cash and cash equivalents at the end of the year		497,966,064	421,111,473
	Reconciliation of Cash and cash equivalents with the Balance Sheet :			
	Cash and cash equivalents as per Balance Sheet (Refer note no 19)		603,507,657	559,653,287
	Less: Bank balances not considered as Cash and cash equivalents(as defined in AS 3 Cash Flow Statements):			
	Balances with Banks in Fixed Deposit Accounts with original maturity of more than 3 months		(88,377,974)	(124,064,607)
	Balances with Banks in earmarked accounts- referring to unclaimed dividend accounts. [refer note (ii) below]		(17,163,619)	(14,477,207)
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19		497,966,064	421,111,473

Consolidated Cash Flow Statement For The Year Ended 31st March, 2012

(Amount in ₹)

		March 31, 2012	March 31, 2011
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19*	497,966,064	421,111,473
	* Comprises		
	(a) Cash on hand	113,040	62,223
	(b) Cheques, drafts on hand	74,640	203,339
	(c) Balances with banks		
	(i) In current accounts	493,753,810	399,494,210
	(ii) In EEFC accounts	4,024,574	21,351,701
		497,966,064	421,111,473

Notes :

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kalpesh J Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 03, 2012

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

(1) Significant Accounting Policies

a) Basis for preparation of Financial Statements

The Consolidated Financial Statement (CFS) relates to IL&FS Investment Managers Limited ("IIML") ("the Company"), its subsidiaries and jointly controlled entities, which constitute the "Group"

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards pursuant to Companies (Accounting Standard) Rules, 2006. All income and expenditure having material bearing on the financial statements are recognised on an accrual basis

The preparation of financial statements requires the Management to make certain estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates

b) Principles of consolidation

The financial statement of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company. For the purpose of CFS, uniform accounting policies are adopted by the Group

The Consolidated Financial Statements have been prepared on the following basis :

- i) The financial statements of the Group have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated. For translation of the non-integral foreign operations, both monetary and non-monetary assets and liabilities are translated using closing rate as on the balance sheet date. The income and expenses are translated using the average rate during the year. The resulting exchange difference is accumulated in the foreign currency translation reserve until the disposal of the net investment
 - ii) The financial statements / information of the jointly controlled entities have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra group transactions resulting in unrealised profits or loss as per Accounting Standard 27 on 'Financial Reporting of Interest in Joint Venture' using the "proportionate consolidation" method
 - iii) Minority interest in the net assets of consolidating subsidiaries consists of the amount of equity attributable to the minority shareholders and share of profit attributable to them
- c) **The Consolidated Financial Statements present the consolidated accounts of the Group, which consists of the accounts of the Company and of the following subsidiaries and jointly controlled entities**

Name of the Entity	Country of Incorporation and Residence	Amount of Investment As at March 31, 2012 (₹)	Percentage of Voting power As at March 31, 2012	Amount of Investment As at March 31, 2011 (₹)	Percentage of Voting power As at March 31, 2011
Subsidiaries					
IL&FS Asian Infrastructure Managers Limited	India	23,418,370	51	23,418,370	51
IL&FS Urban Infrastructure Managers Limited	India	10,000,000	100	10,000,000	100
IL&FS Investment Advisors LLC	Mauritius	900,200	100	900,200	100
Saffron Investment Trust	Mauritius	162,610,000	100	162,610,000	100
IIML Asset Advisors Limited (wef August 01, 2010)	India	49,864,117	100	41,464,117	100
IL&FS Singapore Asset Management Pte Company Ltd (Upto September 12, 2010)	Singapore	-	-	1,076,712	Nil

Name of the Entity	Country of Incorporation and Residence	Amount of Investment As at March 31, 2012 (₹)	Percentage of Voting power As at March 31, 2012	Amount of Investment As at March 31, 2011 (₹)	Percentage of Voting power As at March 31, 2011
IIML Advisors LLC (incorporated on June 10, 2011)	Mauritius	4,451,000	100	-	-
IIML Fund Managers (Singapore) Pte Ltd (incorporated on December 14, 2011)	Singapore	13,067,500	100	-	-
Jointly Controlled Entity					
IL&FS Milestone Realty Advisors Private Limited	India	800,000	40	800,000	40
Standard Chartered IL&FS Management (Singapore) Pte Ltd (From December 30, 2010)	Singapore	2,218,500	50	2,218,500	50

d) Fixed Assets (Tangible)

Fixed Assets are stated at cost of acquisition and other incidental expenses

Depreciation on fixed asset is provided pro-rata from the date on which asset is ready to be put to use for its intended purpose on Straight-Line Method based on the estimated useful life of the assets, which are as follows :

Category of Asset	Estimated Useful Life (in years)
Fixed Assets Tangible:	
Building / Premises	15
Furniture and Fixtures	5
Computers	3
Office Equipments	4
Vehicles	4
Lease hold improvement	Over the lease period

All categories of assets costing ₹ 5,000/- or less each and mobile phones are written off in the year of capitalisation

e) Intangible Assets

Category of Asset	Estimated Useful Life (in years)
Fixed Assets Intangible : (Acquired)	
Computer Software	3
Goodwill	5
Business know-how ,Management & Advisory Contracts	Over the life of the Fund
Placement Fees	5

Intangible Assets include business know how, value of Management and Advisory Contracts and related intangible assets acquired. These Intangible Assets are amortised over the estimated life of the Fund

Placement Fees incurred in the establishment of the Fund are carried as Intangible Assets and are amortised over five years from the commencement date of the Fund to which the placement fee relate

Goodwill acquired represents excess of consideration paid over assets taken over on amalgamation of the companies with the Group. Such Goodwill is amortised over 5 years on accordance with AS - 14 "Accounting for Amalgamations"

f) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease rental expenses in respect of operating leases is recognised in accordance with the Accounting Standard on "Leases" (AS 19)

g) Investments

- i) Investments are capitalised at actual cost including costs incidental to acquisition
- ii) Investments are classified as long term or current at the time of acquisition of such investments
- iii) Long term investments are individually valued at cost less provision for diminution, other than temporary
- iv) Current investments are valued at lower of cost or fair value

h) Foreign Currency Transactions

- i) Foreign currency transactions are recorded at the rate prevailing on the date of transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are restated at the closing rate
- ii) Non-Monetary items which are carried in terms of historical cost denominated in foreign currency at the Balance Sheet date are reported using the exchange rate at the date of the transaction

i) Derivative Transactions

The Group enters into forward contracts to hedge its assets and liabilities. The premium or discount arising at the inception of a Forward Contract is amortised as income or expense over the life of such Contract

At the reporting date, Forward contracts are marked-to-market and gains/losses if any, are recognised in the Statement of Profit and Loss

j) Revenue Recognition

- i) Management fee income on funds under management and advisory fee income are recognised based on contractual arrangements
- ii) Income from Investment in Units of Private Equity Funds (PEF) is recognised on the basis of income distributed by the respective PEFs
- iii) Dividend income is recognised once the unconditional right to receive dividend is established
- iv) Interest income on fixed deposits is accrued proportionately based on period for which the same is placed

k) Employee Benefits

- i) Contributions to Provident Fund and Superannuation Fund are charged as Expenses in the Statement of Profit and Loss as per applicable law/rules
- ii) The Indian entities of the Group have taken group gratuity cum life assurance scheme with Life Insurance Corporation of India for gratuity payable to the employees. Incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Profit and Loss Statement
- iii) The leave balance is classified as short term and long term based on the past trends. The leave encashment liability for the expected leave to be encashed has been measured on actual components eligible for leave encashment and expected leave to be availed is valued based on the total cost to the Company. The Short term and Long term leave have been valued on actuarial basis as per the projected unit credit method

l) Placement Fees Expense

Placement Fees paid to the Arranger of Fund are recognised over period of 5 years

m) Taxation

Income tax comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income tax Act, 1961

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of timing differences arising from differences in accounting policies as per the accounts drawn up under the Companies Act, 1956 and the Income tax Act, 1961. Deferred Tax Assets and Liabilities other than on carry forward losses and unabsorbed depreciation under tax laws are recognised when it is reasonably certain that there will be future taxable income. Deferred Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit

Deferred tax assets and liabilities are measured using substantively enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss statement in the period of substantive enactment of the change

n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that the outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the financial statements

o) Cash Flow Statements

- i) Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information
- ii) Cash comprises cash on hand. Cash Equivalents are cheque on hand, balances in bank current account and EEFC account

p) Earnings Per Share

In determining earnings per share, the Group considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date

(2) Share Capital

- a) Share Capital of the Company consist of the following :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Authorised Share Capital		
250,000,000 Equity shares of ₹ 2/- each	500,000,000	500,000,000
Issued, Subscribed & Fully Paid up Capital		
208,275,410 Equity shares of ₹ 2/-each	416,550,820	411,252,510
(As at March 31, 2011: 205,626,255 Equity shares of ₹ 2/- each)		
Add : Forfeited shares	20,000	20,000
	416,570,820	411,272,510

- b) Reconciliation of the number of shares outstanding at the beginning of the year and at the end of the year :

Particulars	As at March 31, 2012	As at March 31, 2011
Shares outstanding at the beginning of the year	205,626,255	203,027,595
Add: Allotment made during the year	2,649,155	2,598,660
Shares outstanding at the end of the year	208,275,410	205,626,255

- c) List of the shareholders holding more than 5% of the share capital as at March 31, 2012

Name of the Shareholder	As at March 31, 2012		As at March 31, 2011	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Infrastructure Leasing & Financial Services Limited, the Holding Company	105,055,435	50.44	105,055,435	51.09

- d) Shares options granted and outstanding under the Company's Employee Share Option Plans

As at March 31, 2012, executives and senior employees held options of 1,361,000 equity shares of the Company, the range of exercise price for Stock Option outstanding as at March 31, 2012 is ₹ 13.60 to ₹ 19.20 and the weighted average remaining contractual life is 1.29 years. Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights

- e) No of equity shares allotted as fully paid up by way of bonus shares for preceding five years

Financial Year	Par Value (₹)	No of shares	Amount (₹)
2010-11	-	-	-
2009-10	-	-	-
2008-09	2	66,312,035	132,624,070
2007-08	-	-	-
2006-07	2	39,652,245	79,304,490

- f) Proposed Dividend

The Company has proposed dividend for the year ended March 31, 2012, on Equity Shares @ ₹ 1.50 per share aggregating to ₹ 363,094,333/- inclusive of dividend distribution tax of ₹ 50,681,218/-

- g) Forfeited shares

During the financial year 1997-98 the Company had forfeited 10,000 equity shares of ₹ 2 each on which amount paid up was ₹ 20,000/-

- h) Shares reserved for issue under Options :

- (i) The particulars of the Options distributed under ESOP 2004 and ESOP 2006 are as follows :

Particulars	ESOP 2004	ESOP 2006
Eligibility	Directors and Employees	Directors of the Company and Subsidiary Companies and Employees of the Company
Vesting period for options granted during the year	One year from date of grant	One year to Three year from date of grant
Exercise Period	Four years beginning from date of vesting	Four years beginning from date of vesting
Method of Settlement	Equity	Equity

- (ii) The number and weighted average Exercise Price of Stock Options for ESOP 2004 and ESOP 2006 is as follows :

Particulars	ESOP 2004		ESOP 2006	
	No of Options	Weighted Average Exercise Price * (₹)	No of Options	Weighted Average Exercise Price * (₹)
Authorised to be Granted	16,875,000	-	16,875,000	-
Granted and outstanding at the beginning of the year	326,655	4.80	3,683,500	16.62
Granted during the year	Nil	-	Nil	-
Forfeited during the year	Nil	-	Nil	-
Exercised during the year	326,655	4.80	2,322,500	16.62
Lapsed during the year	Nil	-	Nil	-
Granted and outstanding at the end of the year	Nil	-	1,361,000	17.46
Vested and Exercisable at the end of the year	Nil	-	1,361,000	17.46

* Determined at the time of grant

- (iii) The effect of subdivision of each Equity share of ₹ 10/- into Equity shares of ₹ 2/-each and issue of bonus shares is considered in calculating the number of Options
- (iv) The Company calculates the employee compensation cost using the Intrinsic Value of the Options. The Exercise Price of the Options granted is generally based on the Market Price as on the date of the Grant. The Company had issued 1,148,290 Options at an exercise price lower than the market price and accordingly, the Intrinsic Value of those Options was ₹ 11,496,590/-, which has been already amortised over the vesting period in previous years
- (v) No Options were granted during the year
- (vi) The weighted average market price at the dates of exercise for options during the year was ₹ 28.66

(3) Reserves & Surplus

The movement in Reserves and Surplus are as under :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
General Reserve		
Balance as per previous Balance Sheet	170,000,000	132,000,000
Add: Appropriation from Profit and Loss Account	42,000,000	38,000,000
Balance at the end of the year	212,000,000	170,000,000
Securities Premium Reserve		
Balance as per previous Balance Sheet	95,760,141	61,157,108
Add: Received upon issuance of shares	33,358,733	28,492,873
Add: Transferred from Share Option Outstanding Account	3,408,780	6,110,160
Balance at the end of the year	132,527,654	95,760,141
Capital Reserve on consolidation		
Balance as per previous Balance Sheet	49,169,392	-
Add: Addition	-	49,169,392
Balance at the end of the year	49,169,392	49,169,392

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Particulars (contd.)	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Share Option Outstanding Account		
Balance as per previous Balance Sheet	3,048,780	9,158,940
Less: Transferred to Securities premium account on exercise of options	(3,048,780)	(6,110,160)
Balance at the end of the year	-	3,048,780
Statement of Profit & Loss		
Balance as per previous Balance Sheet	1,075,724,916	782,000,574
Add: Appropriation from Profit and Loss Account	735,326,224	690,200,304
Less : Appropriation for Dividend (including Dividend tax)	(363,094,333)	(358,475,962)
Less: Transfer to General Reserve	(42,000,000)	(38,000,000)
Balance at the end of the year	1,405,956,807	1,075,724,916
Foreign Currency Translation Reserve		
Balance as per previous Balance Sheet	(31,443,861)	(51,724,216)
Add: Addition	148,849,136	20,280,355
Balance at the end of the year	117,405,275	(31,443,861)
	1,917,059,128	1,362,259,368

(4) Long-term borrowings

The Long-term borrowings consists of :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Secured Loan	255,782,500	535,800,000
	255,782,500	535,800,000

(5) Current maturities of long -term Borrowings

The Current maturities of long -term Borrowings consists of :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Secured Loan	358,095,500	312,550,000
	358,095,500	312,550,000

During the financial year 2010-11, IL&FS Investment Advisors LLC ("IIAL"), a wholly owned subsidiary has entered into a loan facility dated 26 October 2010 of USD 20,000,000 with Bank of Baroda, Global Syndication Centre, London and Punjab National Bank(International) Limited. The purpose of the loan facility was to finance the amalgamation of Saffron Capital Advisors Limited and Saffron Capital Securities Limited with IIAL. The loan is secured by a first charge in favor of the Security Trustee in respect of the receivables of IIAL for the management fees earned by it

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

(6) Other Long-term Liabilities

Other Long-term liabilities consists of :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Unamortised Deferred Income	2,364,176	13,653,120
	2,364,176	13,653,120

(7) Other Current Liabilities

a) Other Current Liabilities consists of :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Income Received in advance	118,038,963	107,499,857
Unclaimed Dividend	17,163,619	14,477,207
Unamortised Deferred Income	11,335,610	11,235,610
Statutory Payments	10,447,326	23,384,793
Other Payables	28,687,605	28,327,047
	185,673,123	184,924,514

- b) Other Payables pertains to amount payable on employees contribution to Provident Fund, Profession Tax and contractual incentives payable to the holding company
- c) Unclaimed dividend of ₹ 17,163,619/- relates to the period from FY 2004-2005 to FY 2010-2011. During the year an amount of ₹ 672,887/- (Previous year : ₹ 517,111/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2004

(8) Long Term Provisions

8.1) Long Term provision consists of provision for amounts due to be settled beyond twelve months after the balance sheet date :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Provision for Employee benefits	38,105,470	28,056,428
	38,105,470	28,056,428

8.2) Particulars relating to Accounting Standard 15 "Employee Benefits" (Revised) is provided below :

(a) Defined-Contribution Plans :

The Group has recognized ₹ 10,429,204/- (Previous year ₹ 9,458,407/-) as expense in the Statement of Profit and Loss under Company's Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner and ₹ 12,008,113/- (Previous year ₹ 11,571,014/-) as Group's contribution to Superannuation Fund maintained with Life Insurance Corporation of India

(b) Defined-Benefits Plans :

The Group operates funded post retirement defined benefit plans for gratuity, details of which are as follows:

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions :

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

I.	Assumptions	For the year ended March 31, 2012	For the year ended March 31, 2011		
	Discount Rate	8.25% - 8.75%	7.75% - 8.25%		
	Rate of Return on Plan Assets	8.60% - 9.00%	8.00% - 9.00%		
	Salary Escalation	6.50%	5.00% - 6.00%		
	Mortality Table	LIC (1994-96)	LIC (1994-96)		
II.	Table Showing Change in Benefit Obligation:	March 31, 2012 (₹)	March 31, 2011 (₹)		
	Liability at the beginning of the year	51,521,128	35,625,074		
	Interest Cost	4,261,198	3,298,230		
	Current Service Cost	10,316,264	5,072,798		
	Liability Transfer In	-	4,978,090		
	Liability Transfer Out	(3,813,462)	(5,640,865)		
	Benefit Paid	(1,892,500)	(2,180,769)		
	Actuarial (gain)/loss on obligations	8,678,179	10,368,570		
	Liability at the end of the year	69,070,807	51,521,128		
III.	Tables of Fair value of Plan Assets :				
	Fair Value of Plan Assets at the beginning of the year	39,913,251	33,675,602		
	Expected Return on Plan Assets	2,952,193	2,740,097		
	Contributions	30,239,442	10,848,774		
	Transfer from other Company	-	148,436		
	Transfer to other Company	(3,813,462)	(5,640,865)		
	Benefit Paid	(892,500)	(2,180,769)		
	Actuarial gain/(loss) on Plan Assets	1,112,106	321,976		
	Fair Value of Plan Assets at the end of the year	69,511,030	39,913,251		
	Total Actuarial Gain/(Loss) to be recognized	(7,566,073)	(10,046,594)		
IV.	Actual Return on Plan Assets :				
	Expected Return on Plan Assets	2,952,193	2,740,097		
	Actuarial gain/(loss) on Plan Assets	1,112,106	321,976		
	Actual Return on Plan Assets	4,064,299	3,062,073		
V.	Amount Recognised in the Balance Sheet:	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)	As at March 31, 2009 (₹)
	Liability at the end of the year	69,070,807	51,521,128	35,625,074	30,572,656
	Fair Value of Plan Assets at the end of the year	69,511,031	39,913,251	33,675,602	27,763,511
	Difference	440,223	(11,607,877)	(1,949,472)	(2,809,145)
	Unrecognised Past Service Cost	-	-	-	-
	Amount Recognised in the Balance Sheet	440,223	(11,607,877)	(1,949,472)	(2,809,145)

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

VI.	Expenses Recognised in the Statement of Profit and Loss:	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
	Current Service Cost	10,316,264	5,072,798
	Interest Cost	4,261,198	3,298,230
	Expected Return on Plan Assets	(2,952,193)	(2,740,097)
	Net Actuarial (Gain)/Loss To Be Recognised	7,566,073	10,046,594
	Expense Recognised in Statement of Profit and Loss	19,191,342	15,677,525
VII.	Balance Sheet Reconciliation :	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
	Opening Net Liability	11,607,877	1,949,472
	Expense as above	19,191,342	15,677,525
	Transfer from other Company	-	4,829,664
	Employers Contribution	(30,239,442)	(10,848,774)
	Benefits Paid	(1,000,000)	-
	Amount Recognised in Balance Sheet	(440,223)	11,607,877
VIII.	Description of Plan Assets		
	Insurer Managed Funds	100%	100%
IX.	Experience Adjustments :		
	Experience adjustments on plan liabilities gain/(loss)	12,825,806	(2,731,448)
	Experience adjustments on plan assets gain/(loss)	1,112,106	321,976

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors

(9) Short Term Provisions :

Short Term provision consists of provision for amounts due to be settled within twelve months after the balance sheet date :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Provision for employee benefits	149,299,475	123,800,049
Provision for Taxation	41,498,196	50,021,725
Provision for Dividend	312,413,115	308,439,383
Provision for Dividend Tax	50,681,218	50,036,579
Provision for mark to market on derivative contracts	4,825,844	-
	558,717,848	532,297,736

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

10) Fixed Assets :

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION			NET BLOCK		Amount (₹)
	As on 01.04.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	As at 31.03.2011	For the Year	Deductions/ Adjustments	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets :										
Building	15,195,288	-	2,214,292	17,409,580	253,255	1,090,639	109,923	1,453,817	15,955,763	14,942,033
Furniture and Fixtures	11,019,472	2,252,423	(1,284,900)	11,986,995	6,539,432	2,249,030	(1,153,900)	7,634,562	4,352,433	4,480,040
Vehicles	9,915,038	-	1,259,459	11,174,497	3,479,619	2,587,433	629,294	6,696,346	4,478,151	6,435,419
Office Equipments	6,676,752	1,837,967	(195,972)	8,318,747	4,552,635	1,727,269	(153,107)	6,126,797	2,191,950	2,124,117
Data Processing Equipments	11,085,462	1,789,249	(1,196,399)	11,678,312	6,780,381	2,804,257	(1,167,052)	8,417,586	3,260,726	4,305,081
Lease Improvements	19,768,905	1,222,000	1,048,743	22,039,648	10,633,041	5,743,832	897,865	17,274,738	4,764,910	9,135,864
Total	73,660,917	7,101,639	1,845,223	82,607,779	32,238,363	16,202,460	(836,977)	47,603,846	35,003,933	41,422,554
Previous year :	50,434,488	26,820,340	(3,593,911)	73,660,917	19,731,939	14,978,622	(2,472,198)	32,238,363	41,422,554	
Intangible Assets :										
Goodwill on amalgamation	23,474,746	-	(9,774,007)	13,700,739	3,125,676	5,041,499	793,087	8,960,262	4,740,477	20,349,070
Computer Software	6,310,697	415,817	19,050	6,745,564	4,851,683	1,233,963	10,063	6,095,709	649,855	1,459,014
Business Know-how, Management and Advisory Contracts	1,684,756,246	-	209,832,849	1,894,589,095	197,914,526	134,020,315	-	331,934,841	1,562,654,254	1,486,841,720
Placement Fees	824,352,331		11,188,404	835,540,735	712,445,278	76,441,548	-	788,886,826	46,653,909	111,907,054
Total	2,538,894,020	415,817	211,266,296	2,750,576,133	918,337,163	216,737,325	803,150	1,135,877,638	1,614,698,495	1,620,556,858
Previous year :	910,776,170	1,595,458,886	32,658,965	2,538,894,021	672,938,373	245,464,088	(65,298)	918,337,163	1,620,556,858	
Capital Wok in Progress									-	300,000

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

(11) Non Current Investments

Non Current Investment consists of :

Particulars	Face Value (₹)	Qty	Cost As at March 31, 2012 (₹)	Face Value (₹)	Qty	Cost As at March 31, 2011 (₹)
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A - Trade Investments

Investment in Equity Instruments (Fully Paid-up)

- Investment in Other						
Avantika Gas Ltd	10	8,250	82,500	10	8,250	82,500
IL&FS India Realty Fund LLC	\$ 10	100	51,157	\$ 10	100	44,650
IL&FS India Realty Fund II LLC	\$ 0.01	100,000	51,157	\$ 0.01	100,000	44,650
TARA India Fund III LLC	\$ 1	2	102	\$ 1	2	89
TARA Feeder Fund Limited	\$ 1	2	102	\$ 1	2	89
Tara India Fund IV LLC (Class C Shares)	\$ 1	1	51	-	-	-
Tara India Fund IV LLC (Class D Shares)	\$ 1	1	51	-	-	-
Saffron India Real Estate Fund – I (Class A Shares)	\$ 0.01	14,128	70,963,632	\$ 0.01	10,500	45,672,976
Saffron India Real Estate Fund – I (Class C Shares)	\$ 0.01	75,000	38,367	\$ 0.01	75,000	33,488
K2 Property Limited (Class C Shares)	\$ 0.01	25,000	12,789	\$ 0.01	25,000	11,163
Saffron India Real Estate Fund – I (Class D Shares)	\$ 0.01	75,000	38,367	\$ 0.01	75,000	33,488
K2 Property Limited (Class D Shares)	\$ 0.01	25,000	12,789	\$ 0.01	25,000	11,162
Total (A)			71,251,064			45,934,255

B - Investment in Units of Venture Fund (Fully Paid-up)

South Asian Regional Apex Fund	5,000	738	3,406,051	5,000	1,033	4,768,656
Leverage India Fund	1,000	100	100,000	1,000	100	100,000
Infrastructure Leasing & Financial Services Realty Fund	100	500	50,000	100	500	50,000
IFIN Realty Trust	10,000	10	100,000	10,000	10	100,000
TARA India Fund III Trust	10,000	50	500,000	10,000	50	500,000
TARA India Fund III Domestic Trust	1,000	500	500,000	1,000	500	500,000
Urjankur Nidhi Trust	100	1,000	100,000	100	1,000	100,000
PAN Asia Project Development Fund	100	1,000	100,000	100	1,000	100,000

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Particulars (contd.)	Face Value (₹)	Qty	Cost As at March 31, 2012 (₹)	Face Value (₹)	Qty	Cost As at March 31, 2011 (₹)
Milestone Real Estate Fund - IL&FS Milestone Fund I	1,000	200	200,000	1,000	200	200,000
Milestone Real Estate Fund - IL&FS Milestone Fund II	1,000	200	200,000	-	-	-
Milestone Real Estate Fund - IL&FS Milestone Fund IIA	1,000	200	200,000	-	-	-
Milestone Real Estate Fund - IL&FS Milestone Fund IIB	1,000	200	200,000	-	-	-
Total (B)			5,656,051			6,418,656
C - Investment in Interest in Limited Liability Partnership (Unquoted)						
AMCF India Participations, L.P.*			20,266,516			20,266,516
Total (C)			20,266,516			20,266,516
Total (A+B+C)			96,773,631			72,419,427
Provision for share in loss in limited liability partnership			(20,266,516)			(20,266,516)
Grand Total			76,907,115			52,352,911

*The Company's has 100% Share in the Limited Partners Capital, where Asia Mezzanine Capital Partners LP have 100% voting rights

(12) Current Investments :

The details of Current Investments are provided below :

Particulars	As at March 31, 2012			As at March 31, 2011		
	Units	Face Value (₹)	Amount (₹)	Units	Face Value (₹)	Amount (₹)
Investment in Mutual Funds - Non-Trade - Unquoted						
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	88,720	10	88,800,820	55,030	10	55,080,207
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvestment	4,598,780	10	46,070,120	2,499,571	10	25,040,455
Birla Sunlife Cash Manager - IP- Daily Dividend -Reinvestment	344,897	10	34,549,634	7,814,959	10	18,080,950
UTI Floating Rate Fund - Daily Dividend Plan	-	-	-	36,867	1,000	36,895,336
Kotak Flexi Debt Scheme - Institutional Daily Dividend- Reinvestment	-	-	-	3,551,912	10	35,687,833
Taurus Ultra Short Term Bond	-	-	-	6,117	1,000	6,127,151
ICICI Prudential Flexible Income Plan - Daily Dividend	190,293	10	20,120,646	163,277	100	17,264,117
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Option - Re-investment	35,467	10	35,474,786	-	-	-

Particulars	As at March 31, 2012			As at March 31, 2011		
	Units	Face Value (₹)	Amount (₹)	Units	Face Value (₹)	Amount (₹)
Investment in Mutual Funds - Non-Trade - Unquoted (contd.)						
Templeton India Ultra Short Term Bond -Super IP	5,013,008	10	50,529,035	-	-	-
Reliance Liquid Fund Treasury Fund - Treasury Plan - IP –Daily Dividend Reinvestment	6,175,038	10	94,400,274	-	-	-
TATA Treasury Manager Fund	24,839	10	25,095,504	-	-	-
Total			395,040,819			194,176,049

13) Deferred Tax :

Deferred Tax provision has been made in accordance with the requirements under the Accounting Standard - 22 "Accounting for Taxes on Income"

- During the current year ended March 31, 2012 the timing difference has resulted in a net deferred tax asset of ₹ 8,847,358/-
- The deferred tax asset recognized in the accounts as of March 31, 2012 are as follows:

Nature of Timing Differences	As at March 31, 2011 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	As at March 31, 2012 Asset/(Liability) (₹)
Difference between book and tax Depreciation	5,995,045	1,887,276	7,882,321
Preliminary Expenses	1,622	(1,622)	-
Employee Benefits	9,118,729	2,626,751	11,745,480
Provision for Baddebts	52,127	(52,127)	-
Placement Fees	(4,318,000)	1,991,000	(2,327,000)
Deferred Rent	55,240	69,707	124,947
Total	10,904,763	6,520,985	17,425,748

- The deferred tax liability recognised in the accounts as of March 31, 2012 is as follows :

Nature of Timing Differences	As at March 31, 2011 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	As at March 31, 2012 Asset/(Liability) (₹)
Difference between book and tax Depreciation	6,440	(6,400)	40
Employee Benefits	112,000	3,600	115,600
Placement Fees	(13,163,959)	575,973	(12,587,986)
Mobilisation Fee Expense	(12,500,000)	5,362,000	(7,138,000)
Deferred Income	8,075,320	(3,630,400)	4,444,920
Bonus	381,840	21,600	403,440
Others	-	-	(1,668,691)*
Total	(17,088,359)	2,326,373	(16,430,677)

* The amount of ₹ 1,668,691/- is on account of Foreign Exchange Fluctuation adjusted in Foreign Currency Translation Reserves under the head 'Reserves & Surplus'

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

(14) Long term Loans and advances :

Long Term Loans and advances consist of amounts expected to be realized beyond twelve months of the Balance Sheet date :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Secured, considered good :		
Staff Loan	330,963	531,201
Unsecured , considered good:		
Capital Advances	-	460,258
Loans given to related parties	363,575,000	181,675,000
Security Deposits	4,583,993	2,906,460
Prepaid Expenses	15,214,085	20,848,072
Others	79,744	-
	383,783,785	206,420,991

(15) Short Term Loans and advances :

a) Short Term Loans and advances consist of amounts expected to be realized within twelve months of the Balance Sheet date :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Secured , considered good :		
Staff Loan	201,313	488,351
Unsecured , considered good :		
Loans given to Related Parties	90,000,000	313,365,753
Advance Tax (net of provision)	56,475,928	58,186,121
Security Deposit	2,153,465	10,260,370
Prepaid Expenses	33,169,903	30,882,217
Advances Recoverable in cash or in kind or for value to be received	30,228,269	25,409,802
Advance recoverable for setting up Fund	-	8,930,000
Service tax Credit Available	2,948,111	3,971,794
	215,176,989	451,494,408

b) Advances Recoverable in cash or in kind or for value to be received includes advance recoverable on account of reimbursement of Out of pocket expenses and travel advance given to employees

(16) Other Non Current Assets :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Interest accrued	51,638,079	32,093,204
Unamortised Distributor Fees	4,451,055	21,489,758
Unamortised Placement Fees	104,173,867	116,885,543
	160,263,001	170,468,505

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

(17) Other Current Assets :

Other Current Assets consists of :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Unamortised – Placement Fees	5,505,095	8,910,541
Unamortised Distributor Fees	17,551,206	17,036,909
Interest accrued	14,148,247	10,409,936
Unamortised – Forward Cover Premium	3,231,000	5,345,000
	40,435,548	41,702,386

(18) Trade Receivables :

Trade Receivables consist of dues arising from services rendered in the normal course of business of the Group

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Secured , considered good : (outstanding for more than 6 months from the date they are due for payment)	514,534	-
Secured , considered good : (outstanding for less than 6 months from the date they are due for payment)	7,679,032	1,921,444
Unsecured , considered good : (outstanding for more than 6 months from the date they are due for payment)	39,855,854	29,153,107
Unsecured , considered good : (outstanding for less than 6 months from the date they are due for payment)	364,589,843	192,023,357
	412,639,263	223,097,908

(19) Cash and Cash Equivalents:

Cash and Cash Equivalents consists of :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
a) Cash on hand	113,040	62,223
b) Cheques on Hand	74,640	203,339
c) Balance with Banks		
i) in Current Accounts	493,753,810	399,494,210
ii) in EEFC Accounts	4,024,574	21,351,701
iii) in Fixed Deposit Accounts *	88,377,974	124,064,607
iv) in earmarked Accounts		
- in Current Accounts referring to unclaimed dividend accounts	17,163,619	14,477,207
	603,507,657	559,653,287

- a) *Of the above an amount of ₹ 14,026,827/- (Previous year ₹ 9,177,107/-) in Fixed Deposits are held with more than 12 months maturity
- b) Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS-3 “Cash Flow Statements” are Cash on hand, Cheques on hand, Balances with bank in Current and EEFC accounts amounting to ₹ 497,966,064/- (Previous year ₹ 421,111,473/-)

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

(20) Contingent Liabilities and Commitments :

i) Contingent Liabilities :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Claims not acknowledged as debts:		
Income tax demand contested by the Group	14,176,014	12,187,094
Estimated Project development cost for Urjankur Nidhi Trust	-	21,331,380
Banker's Letter of guarantee	231,160	201,759

The Group does not expect any outflow of economic resources in respect of the above and therefore no provision is made in respect thereof

ii) Commitments :

Particulars	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	90,000

(21) Revenue from Operations :

Revenue from Operations comprises of :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Fees from Fund Management and Advisory Services	2,125,875,618	1,900,353,794
	2,125,875,618	1,900,353,794

(22) Other Operating Income

Other Operating Income comprises of :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Dividend Income :		
From Long-term trade investments	-	1,700,000
From Current non-trade Investments	30,557,641	22,278,569
Total (a)	30,557,641	23,978,569
Net gain/loss on sale of investments :		
Profit on sale of Long-term trade Investments	1,023,844	596,155
Profit on sale of current non-trade Investments	-	55,485
Total (b)	1,023,844	651,640
Interest Income on		
- On Fixed Deposits with Banks	5,121,965	2,766,705
- On Other Deposits / Loans	43,105,149	45,156,026
Total (c)	48,227,114	47,922,731
Total (a+b+c)	79,808,599	72,552,940

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

(23) Other Income :

a) Other Income comprises of :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Profit on sale of Fixed Asset	70,684	91,687
Forward Cover Premium earned	3,041,345	6,143,924
Interest on Income Tax refund	330,513	394,840
Foreign Exchange Gain	4,275,191	9,234,625
Income from sale of Duty Free Licenses	11,118,456	-
Miscellaneous Income	22,494,300	23,422,642
Total	41,330,489	39,287,719

b) Miscellaneous Income includes amount towards reversal of excess provision for Performance Pay and Incentive and recovery of professional fees paid in earlier years

c) Income from sale of Duty free licenses is based on invoices raised for licenses sold to related party

(24) Employee Benefit Expense :

Employee Benefit Expense include :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Salaries and Allowances	465,968,312	410,997,958
Staff Deputation cost	13,214,400	11,302,400
Contribution to Provident Fund and Other Funds	41,982,361	39,359,435
Staff Training and Welfare Expenses	4,355,987	4,422,359
	525,521,060	466,082,152
Less : Recovery on deputation /Cost sharing	-	(792,464)
Total	525,521,060	465,289,688

(25) Other Administrative and Operating Expenses :

a) Other Administrative and Operating Expenses consists of :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Rent	62,342,732	56,801,832
Repairs and Maintenance	5,063,590	5,403,022
Insurance	4,904,615	4,765,617
Rates and Taxes	1,926,248	3,562,961
Legal and Professional Expenses	136,126,397	128,590,333
Advisory Fees	143,949,863	41,180,091
Electricity and Water Charges	2,260,344	1,846,880
Travelling and Conveyance	53,844,756	25,537,710

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Particulars (contd.)	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Postage and Telecommunication	8,198,038	4,858,063
Printing and Stationery	3,765,384	4,058,740
Debts/Advances Written Off	162,895	-
Loss on sale of Subsidiary	-	646,620
Brand Subscription Fees	16,159,917	14,283,642
Directors Sitting Fees	1,403,837	1,213,042
Miscellaneous Expenses	56,478,600	70,938,089
Total	496,587,216	363,686,642

- b) Miscellaneous Expenses includes commission to non whole time directors, advertisement expenses, service promotion expenses, subscription to clubs/association, general office expenses, payment to auditor, foreign exchange loss

(26) Finance Cost :

Finance Cost include :

Particulars	For the year ended March 31, 2012 (₹)	For the year ended March 31, 2011 (₹)
Interest Expense	34,729,338	16,317,474
Other Borrowing Costs	4,095,384	1,266,034
	38,824,722	17,583,508

(27) Leases :

The Group has entered into Operating Lease arrangements towards provision for vehicles and Business Centre arrangement towards use of office facility. The minimum future payments during non-cancellable periods under the foregoing arrangements in the aggregate for the following year is as follows :

Future Lease Rentals	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)
Not later than one year	37,930,616	27,213,060
Later than one year but not later than 5 years	27,913,560	42,248,004
Later than 5 years	-	-
Amount charged to the Profit and Loss Statement	34,795,773	27,428,087

(28) Dividend paid in Foreign Currencies to Non resident Shareholders :

No Dividend has been paid in Foreign Currencies to non-resident shareholders in current year and previous year

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

(29) Derivatives and foreign currency Exposures :

- i) The Group has following forward exchange contract outstanding :

Particulars	As at March 31, 2012	As at March 31, 2011
No of Contracts	3	2
Notional amount (Sell)	\$ 5,000,000	\$ 4,500,000
Notional amount (Buy)	₹ 256,677,500	₹ 210,070,000

- ii) Foreign currency exposures :

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Particulars	As at March 31, 2012	As at March 31, 2011
Receivables	\$ 2,291,994	\$ 1,780,667
Amount in ₹	117,251,994	79,506,782
EEFC Account Balance	\$ 81,552.81	\$ 478,201
Amount in ₹	4,171,956	21,351,701

(30) Earning Per Share :

In accordance with the Accounting Standard on 'Earnings Per Share' (AS-20), the Basic Earnings Per Share and Diluted Earnings Per Share has been computed by dividing the Profit After Tax by the number of equity shares for the respective year as under :

Particulars	March 31, 2012	March 31, 2011
Profit After Tax (₹)	735,326,224	690,200,304
Weighted Average Number of Equity Shares in calculating Basic EPS	206,808,126	203,562,537
Add: Potential Equity Shares on conversion of ESOPs outstanding at the end of the year(weighted average from date of grant for options issued during the year)	1,136,352	4,232,041
Weighted Average Number of Equity Shares in calculating Diluted EPS	207,944,478	207,794,578
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	3.56	3.39
(iii) Diluted Earnings per share (₹)	3.54	3.32

(31) Disclosure as required by the AS 18 on "Related Party Disclosures" are made below :

- a) Name of the Related Parties (with whom transactions entered into during the year) and Description of Relationship:

Sr No	Holding Company	March 31, 2012	March 31, 2011
1	Infrastructure Leasing & Financial Services Limited	√	√
Sr No	Fellow Subsidiaries*	March 31, 2012	March 31, 2011
1	IL&FS Property Management & Services Limited (upto October 1, 2010)	-	√
2	IL&FS Education & Technology Services Limited	√	√
3	IL&FS Financial Services Limited	√	√
4	IL&FS Securities Services Limited	√	√

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Sr No	Fellow Subsidiaries* (contd.)	March 31, 2012	March 31, 2011
5	IFIN Realty Trust	√	√
6	IL&FS IIDC Fund	√	√
7	IL&FS Infrastructure Equity Fund - I	√	√
8	IL&FS Trust Company Limited	√	√
9	IL&FS Transportation Networks Limited	√	√
10	Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	√	√
11	IL&FS Environmental Infrastructure & Service Limited	√	√
12	Vansh Nimay Infraproject Private Limited	√	√
13	East Delhi Waste Processing Company Private Limited	√	√
14	IL&FS Infrastructure Development Corporation Limited	√	√
15	IL&FS Global Financial Services (UK) Limited	√	√
16	IL&FS Prime Terminals FZE	√	√
17	IL&FS Energy Development Co Limited (from December 3, 2010)	√	√
18	IL&FS Renewable Energy Limited (from March 25, 2011)	√	√
19	Rapid Metro Gurgaon Limited	√	√
20	Gujarat International Finance Tec-city Co Ltd	√	√
21	IL&FS Cluster Development Initiative Limited	√	√

*As certified by Holding Company and with whom transactions done during the year

b) The nature and volume of transactions during the year with the above related parties were as follows :

i) Transactions with holding company

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
Infrastructure Leasing & Financial Services Limited	Rent	43,132,146 (36,412,848)	-
	Salary Deputation Cost recovery	Nil (792,464)	Nil (255,149)
	Electricity Charges	890,000 (413,000)	Nil (8,977)
	Service Charges	576,168 (240,070)	Nil (162,929)
	Training Expenses	Nil (24,234)	-
	Repairs & Maintenance Expenses	455,832 (602,400)	-
	Brand Subscription fees	16,159,917 (14,283,642)	(3,232,912) (Nil)
	Sale/Transfer of Asset	9,333 (324,565)	Nil (3,080)

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
Infrastructure Leasing & Financial Services Limited	Short Term Loans and Advances		24,561 (101,010)
	Advisory Fee Income	Nil (10,700,000)	-
	Deputation Cost	10,846,974 (9,372,637)	-
	Term Deposits placed	260,000,000 (377,303,253)	-
	Repayment of Term Deposits	210,000,000 (383,937,500)	-
	Interest Income on Term Deposits	22,119,363 (28,857,645)	-
	Short Term Loans and Advances – Inter Corporate Deposits		60,000,000 (313,365,753)
	Long Term Loans and Advances – Inter Corporate Deposits		200,000,000 (Nil)
	Other Current Assests – Interest accrued		1,635,103 (9,243,225)
	Other Non Current Assests – Interest Accrued		13,041,372 (Nil)
	Trade Payables		2,879,960 (564,997)

(Figures in brackets represent figures of the previous year)

ii) Transactions with fellow subsidiaries

Name of the Entity	Nature of Transaction	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
IL&FS Property Management Services Limited	Repairs & Maintenance Expenses	Nil (166,160)	-
	Trade Payables	-	Nil (214,197)
IL&FS Education & Technologies Limited	Repairs & Maintenance Expenses	Nil (100,000)	-
	Short Term Advances – Other advances recoverable in cash or kind		Nil (85,978)
	Purchase of Assets	81,000 (Nil)	-
IL&FS Financial Services Limited	Trade Payables		Nil (9,181)
	Short Term Advances- Other advances recoverable in cash or kind		91,979 (Nil)

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Name of the Entity	Nature of Transaction	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
IL&FS Securities Services Limited	Custody Charges	39,054 (24,097)	-
	Legal and Professional Fees	240,000 (Nil)	-
	Trade Payables		21,868 (12,973)
IFIN Realty Trust	Fund Management and Advisory Fees	16,385,172 (17,500,000)	-
	Trade Payables		13,044 (Nil)
IL&FS IIDC Fund	Fund Management and Advisory Fees	1,000,000 (1,000,000)	-
IL&FS Infrastructure Equity Fund – I	Fund Management and Advisory Fees	45,061,378 (54,000,000)	-
IL&FS Trust Company Limited	General Office Expenses	10,980 (Nil)	-
	Legal and Professional Fees	Nil (100,000)	-
	Trade Payables		11,869 (99,270)
IL&FS Transportation Networks Limited	Operating Expense	Nil (1,500)	15,910 (Nil)
Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	Fund Management and Advisory Fees	3,199,370 (3,310,011)	-
	Legal and Professional Fees	8,700,000 (7,000,000)	-
	Trade Receivable		719,887 (Nil)
IL&FS Environmental Infrastructure & Services Limited	Fund Management and Advisory Fees	2,129,247 (2,932,261)	-
	Trade Receivable		75,319 (1,133,491)
Vansh Nimay Infraproject Private Limited	Fund Management and Advisory Fees	2,791,574 (3,173,171)	-
	Trade Payables		Nil (68,170)
IL&FS Cluster Development Initiative Limited	Purchase of Assets	980,573 (Nil)	-
IL&FS Energy Development Company Ltd	Short Term Advances	-	79,241 (Nil)
East Delhi Waste Processing Company Private Limited	Fund Management and Advisory Fees	1,208,915 (Nil)	-
	Trade Receivable		137,983 (Nil)
IL&FS Infrastructure Development Corporation Limited	Service Charges	Nil (3,970,515)	-

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Name of the Entity	Nature of Transaction	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2012 (₹)
IL&FS Global Financial Services (UK) Limited	Professional Fees	Nil (1,184,762)	-
	Short Term Advances		Nil (7,196,234)
IL&FS Prime Terminals FZE	Fund Management and Advisory Fees	48,295,598 (Nil)	-
	Trade Receivable	-	51,529,738 (Nil)
Rapid Metro Gurgaon Limited	Income from sale of Duty Free Licenses	11,118,456 (Nil)	9,885,725 (Nil)
Gujarat International Finance Tec-city Co Ltd	Fund Management and Advisory Fees	500,000 (Nil)	-

(Figures in brackets represent figures of the previous year)

iii) Transactions with Key Management Personnel together with Relatives of such Personnel

Key Management Personnel :

Dr Archana Hingorani	CEO & Executive Director
Mr Alok Bhargava (Upto July 15, 2010)	Executive Director
Mr Shahzaad Dalal	Director, IL&FS Investment Advisors LLC
Mrs Nafisa Dalal	Spouse of Mr Shahzaad Dalal
Mr Mohan Roy	Director, IL&FS Investment Advisors LLC
Mr Ved Prakash Arya (Upto August 25, 2011)	Director and Chief Investment Officer, IL&FS Milestone Realty Advisors Private Limited
Mr Ajoy Veer Kapoor (Upto February 28, 2011)	Managing Director, IIML Asset Advisors Limited
Mr Ritesh Vohra (Upto February 28, 2011)	Executive Director, IIML Asset Advisors Limited
Ms Sunita Manwani	Executive Director, IIML Asset Advisors Limited

For the year ended	March 31, 2012 (₹)	March 31, 2011 (₹)
Remuneration	108,878,397	297,117,063

d) Transaction with IVC Employee Welfare Trust

Nature of Transaction	March 31, 2012 (₹)	March 31, 2011 (₹)
Interest Income	17,935,631	15,638,006
Repayment of Loan	-	28,100,000
Payment of Interest	-	8,025,742
Disbursement of Loan	11,900,000	23,000,000

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Nature of Transaction	March 31, 2012 (₹)	March 31, 2011 (₹)
Balance Loan Recoverable (including interest):		
Loan Amount		
Short Term	30,000,000	-
Long Term	163,575,000	181,675,000
Interest accrued		
Current	9,638,566	-
Non Current	38,596,707	32,093,205

(32) Joint Venture Disclosure :

The Company has the following Joint Ventures as on March 31, 2012 and its proportionate share in the assets, liabilities, income and expenditure of the joint venture entities on the basis of the financial statements as at / for the year ended of those entities is given below :

Name of the Joint Venture Company	% of Holding	Assets (₹)	Liabilities (₹)	Income (₹)	Expenditure (₹)
IL&FS Milestone Realty Advisors Private Limited	40%	78,283,685	23,801,192	76,951,070	58,581,225
Standard Chartered IL&FS Management (Singapore) Pte Limited (From December 30, 2010)	50%	235,973,885	175,940,146	197,512,688	197,501,734

(33) Segment Reporting :

The Group is in the business of providing asset management and other related service. As such, there are no separate reportable business segment or geographical segment as per Accounting Standard 17 on "Segment Reporting". It is considered appropriate by the Management to have a single segment i.e. "Asset Management and other related service"

(34) The financial position and results of the Companies which became subsidiaries during the period are as follows:

a) Companies became subsidiary during the year :

Financial Position	IIML Advisors LLC As at March 31, 2012 (₹)	IIML Fund Managers Singapore Pte Ltd As at March 31, 2012 (₹)
EQUITY AND LIABILITIES:		
Sources of Funds		
Share Capital	4,451,000	13,067,000
Reserves and Surplus	(4,907,684)	(3,310,484)
Current Liabilities	4,231,672	2,892,432
Total	3,774,988	12,648,948
ASSETS:		
Non-current assets	-	482,523
Current assets	3,774,988	12,166,425
Total	3,774,988	12,648,948

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2012

Financial Results	IIML Advisors LLC For the period from June 10, 2011 to March 31, 2012 (₹)	IIML Fund Managers Singapore Pte Ltd For the period from December 12, 2011 to March 31, 2012 (₹)
Income :		
Income from Operations	-	-
Expenses :		
Other Operating and Administrative Expenses	(5,302,623)	(3,015,430)
Profit/(Loss) before Taxation	(5,302,623)	(3,015,430)
Tax	-	-
Profit/(Loss) after Taxation	(5,302,623)	(3,015,430)

- (35) Consequent to the "NOTIFICATION NO. S.O. 447(E), DATED 28-2-2011 [AS AMENDED BY NOTIFICATION NO F.NO 2/6/2008-CL-V, DATED 30-3-2011] the financial statements have been presented in accordance with the Revised Schedule VI. As required under the said notification, the corresponding amounts for the previous year have been reclassified and presented in accordance with the current year presentation

The accompanying Notes are integral part of the Financial Statements

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 03, 2012

Notice

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of the Company will be held on Tuesday, July 24, 2012, at 4 p.m. at The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400 020 to transact the following business :

ORDINARY BUSINESS

- (1) To receive and adopt the Audited Balance Sheet as at March 31, 2012 and the Statement of Profit & Loss for the year ended as on that date and the Reports of Auditors and Directors thereon
- (2) To declare dividend on Equity Shares for the year ended March 31, 2012
- (3) To appoint a Director in place of Mr Shahzaad Dalal who retires by rotation and being eligible, has offered himself for re-appointment
- (4) To appoint a Director in place of Mr S M Datta who retires by rotation and being eligible, has offered himself for re-appointment
- (5) To appoint a Director in place of Mr Bansi Mehta who retires by rotation and being eligible, has offered himself for re-appointment
- (6) To appoint M/s Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration

SPECIAL BUSINESS

- (7) To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT subject to the applicable provisions, if any, of the Companies Act, 1956 or any modifications thereof, approval of the members be and is hereby accorded to the re-appointment of Mr S M Datta as the Non-Executive Chairman of the Company for a period of five years with effect from April 1, 2012"

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper to give effect to this resolution"
- (8) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the Articles of Association of the Company, provisions of Sections 198, 309(4) of the Companies Act, 1956 and all other applicable provisions, if any, of the Companies Act, 1956 or any modifications thereof, the Company do hereby approve of and consent to the payment of commission to the Non-Executive Directors of the Company for a period of five years with effect from April 1, 2012, in such amounts or proportions and in such manner as may be decided by the Board of Directors or by any duly authorised Committee of the Board of Directors from time to time, provided that the total commission payable to such Non-Executive Directors shall not exceed one percent of the net profits of the Company as computed in the manner referred to under Section 198(1) of the Companies Act, 1956"

Registered Office :

The IL&FS Financial Centre
Plot No. C-22, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Place: Mumbai
Date: May 3, 2012

By Order of the Board of Directors

SANJAY MITRA
Company Secretary

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY

Proxies in order to be effective must be delivered at the Registered Office of the Company at least 48 hours before the time appointed for the meeting

- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 12, 2012 to Tuesday, July 24, 2012 (both days inclusive). The Dividend as recommended by the Directors if approved by the shareholders will be payable on or after July 24, 2012 and will be paid to those members whose names appear in the Company's Register of Members on July 11, 2012. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited. HDFC Bank Limited has been appointed as the banker for the payment of dividend to the shareholders
- (3) In order to enable the Company to remit dividend through National Electronic Clearing Services (NECS), shareholders are requested to provide details of their bank accounts indicating the name of the bank, branch, account number and the nine-digit MICR code (as appearing on the cheque). It is advisable to attach a photocopy of the cheque leaf/cancelled cheque leaf. The said information should be submitted to the Company, if the shares are held in physical form and to the concerned Depository Participant (DP), if the same are held in electronic form. Payment through NECS shall be subject to availability of NECS Centres and timely furnishing of complete and correct information by members
- (4) Shareholders are requested to :
- Intimate the Registrar and Transfer Agents of the Company of changes, if any, in their registered address for shares held in physical form. For shares held in electronic form, changes, if any, should be communicated to their respective DPs
 - Quote Ledger Folio nos./DP ID, DP Name and Client ID nos. in all their correspondence
 - Approach the Company for consolidation of various ledger folios into one
 - Get the shares transferred in joint names, if they are held in a single name and/or appoint a nominee
 - Bring with them to the meeting, their copy of the Annual Report and the Attendance Slip
- (5) Please note that in terms of SEBI Circular Nos. MRD/DoP/Cir-05/2009 dated 20th May, 2009 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card in the following cases :
- Transferees' PAN Card for transfer of shares
 - Surviving joint holders' PAN Card for deletion of name of deceased shareholder
 - Legal heir's PAN Card for transmission of shares
 - Joint holder's PAN Card for transposition of shares
- In compliance with the aforesaid circulars, requests without attaching copies of the relevant PAN Card, for transfer/deletion/transmission and transposition of shares of the Company in physical form will be returned under objection
- (6) Members holding shares in physical form are requested to forward all applications for transfers and all other shares related correspondence, including intimation for change of address, if any, to the Registrar and Transfer Agents of the Company. Members holding shares in dematerialised mode should intimate their respective Depository Participants of their change in address, updation of bank account details in which they wish to receive dividend, etc.
- (7) Members desiring any information on the business to be transacted at the Annual General Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting
- (8) Your Company has implemented the Green Initiative as per the Ministry of Corporate Affairs ("MCA") Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011, which allows the Company to serve all notices/documents and annual reports to its shareholders through an electronic mode. Henceforth, the email addresses registered by the shareholders : (a) in respect of shareholding in demat mode – with the respective Depository Participant which will be periodically downloaded from NSDL / CDSL, and (b) in respect of physical holding – through a written request letter to the Registrar and Transfer Agent of the Company's M/s. Link Intime India Private Limited; will be deemed to be the registered email address for serving all notices / documents including those covered under Section 219 read with Section 53 of the Companies Act, 1956. Members are therefore requested to keep their email addresses updated in case of electronic holding with their respective Depository Participants and in case of physical holding with the Registrar and Transfer Agent of the Company, M/s. Link Intime India Private Limited, C-13, Kantilala Mangal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078. The Annual Report of your Company for the Financial Year 2011-12 will also be displayed on the website of the Company i.e. www.iimindia.com. As a member of the Company you will be entitled to be furnished, free of cost, an Annual Report of the Company upon receipt of a written request from you

- (9) As per Section 205C of the Companies Act, 1956 the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years, to the credit of the Investor Education and Protection Fund. No claims shall lie against the Company or the Investor Education and Protection Fund in respect of amounts which were unclaimed or unpaid for a period of seven years from the dates that they became due for payment and no payment shall be made in respect of any such claims. Hence, members who have not encashed their dividend should contact the Registrar and Transfer Agent of the Company for the same. Please note that the dividend paid for 2004-2005 is due for transfer to the Investor Education and Protection Fund in August 2012 and the dividend paid for 2005-2006 is due for transfer to the Investor Education and Protection Fund next year
- (10) The resolutions regarding the appointment of Mr S M Datta as Non-Executive Chairman and re-appointment of Mr Shahzaad Dalal, Mr S M Datta and Mr Banshi Mehta as Directors of the Company are placed before the shareholders. As per Clause 49 of the Listing Agreement with the Stock Exchanges the following particulars of Mr Shahzaad Dalal, Mr S M Datta and Mr Banshi Mehta are being provided :

Mr Shahzaad Dalal : Mr Shahzaad Dalal is a Management Graduate from the Northeast Louisiana University with over 28 years of experience

Mr Shahzaad Dalal has wide experience in Private Equity Business across sectors such as telecom, transport, power and oil and gas, real estate, technology, retail, life sciences and consumer services. Mr Dalal is also on the Boards of various companies to guide their growth plans and other strategic developments

Presently Mr Shahzaad Dalal is the Chairman and Chief Executive Officer of IL&FS Investment Advisors LLC and also Vice Chairman of the Company

Prior to joining the Company, Mr Shahzaad Dalal was in charge of the asset management business of the IL&FS Group. He was responsible also for the overall planning and raising of resources for IL&FS and other group companies and project finance for IL&FS sponsored infrastructure projects. Prior to joining IL&FS, Mr Dalal was responsible for structured leasing and hire purchase products, marketing and credit evaluation with ICICI Limited

Mr Dalal is not related to any Director of the Company. As on March 31, 2012, Mr Dalal holds 1,904,447 Equity Shares of the Company

Other Directorships :

Name of the Company	Position held	Membership of Committees*
IL&FS Investment Advisors LLC, Mauritius	Chairman & Chief Executive Officer	-
ABG Shipyard Limited	Director	Chairman – Share Transfer & Grievance & Finance Committee
Datamatics Global Services Limited	Director	Member – Audit Committee
DEN Networks Limited	Director	Member – Audit Committee
ibn18 Broadcast Limited	Director	-
IL&FS Financial Services Limited	Director	-
IL&FS Milestone Realty Advisors Private Limited	Director	-
Indian Green Grid Group Limited	Director	Member – Audit Committee
Mumbai Business School Private Limited	Director	-
Orbit Corporation Limited	Director	Member – Audit Committee, Shareholders' / Investors' Grievance Committee
QVC Realty Private Limited	Director	-
Ramky Enviro Engineers Limited	Director	-

Name of the Company	Position held	Membership of Committees*
SARA Fund Trustee Company Private Limited	Director	-
Shoppers Stop Limited	Director	Member – Audit Committee
Sterling Holiday Resorts (India) Limited	Director	-
IL&FS Asian Infrastructure Managers Limited	Alternate Director	-

Note : The list of Directorships excludes Foreign Companies

* The Membership of Committees includes only two committees i.e. Audit Committee & Shareholders'/Investors' Grievance Committee of public limited companies as per Clause 49 of the Listing Agreement

Mr S M Datta : Mr S M Datta graduated with Honours in Chemistry from the Presidency College, Kolkata and obtained his Post Graduate Degree in Science & Technology from the Kolkata University. He is a Chartered Engineer, Fellow of The Institution of Engineers (India), Fellow of the Indian Institute of Chemical Engineers, Member of the Society of Chemical Industry (London) and Honorary Fellow of All India Management Association

Mr Datta is a reputed management professional and is on the Board of a number of well-known corporates

Mr Datta was the Chairman of Hindustan Lever Limited as well as of the Unilever Group of Companies in India & Nepal from 1990 to 1996. He is presently the Chairman of a number of companies. He is also a Past President of Associated Chambers of Commerce and Industry, Council of EU Chambers of Commerce in India, the Bombay Chamber of Commerce & Industry and Indian Chemical Manufacturers Association

Mr Datta has vast experience in leading and managing multi-product, multi-cultural companies in the Unilever Group. He also has been mentoring senior managements of both Indian Corporates & MNCs as varied as Venture Capital, Medical, Consumer Electronics, Power, Hospital, Medical Research, Corporate Credit Rating & Home Finance

Mr Datta is the Non-Executive Chairman of the Company, Chairman of the Compensation Committee and a Member of the Shareholders'/Investors' Grievance Committee and the Audit Committee of the Company. As on March 31, 2012 Mr Datta holds 3,037,500 Equity Shares of the Company

Mr Datta is not related to any Director of the Company

Other Directorships :

Name of the Company	Position held	Membership of Committees*
Castrol India Limited	Chairman	Chairman – Shareholders' / Investors' Grievance Committee Member – Audit Committee
Philips Electronic India Limited	Chairman	-
Specialty Restaurants Limited	Chairman	-
Tata Trustee Co Limited	Chairman	Chairman – Audit Committee
Transport Corporation of India Limited	Chairman	Member – Audit Committee
Ambit Holdings Pvt. Ltd.	Director	-
Atul Limited	Director	-
Bhoruka Power Corporation Limited	Director	Chairman – Audit Committee
Chandras Chemical Enterprises (Pvt) Ltd.	Director	-
Door Sabha Nigam Limited	Director	-
Kansai Nerolac Paints Ltd.	Director	-
Peerless Gen. Fin. & Inv. Co Ltd.	Director	-

Name of the Company	Position held	Membership of Committees*
Peerless Hotels Ltd.	Director	Member – Audit Committee
Rabo India Finance Limited	Director	Member – Audit Committee
Reach (Cargo Movers) Pvt. Ltd.	Director	-
Zodiac Clothing Company Ltd.	Director	-

Note : The list of Directorships excludes Foreign Companies

* The Membership of Committees includes only two committees i.e. Audit Committee & Shareholders'/Investors' Grievance Committee of public limited companies as per Clause 49 of the Listing Agreement

Mr Banshi Mehta : Mr Banshi Mehta is a Practicing Chartered Accountant specialising in Taxation, Corporate Laws and Valuation. He is a director on the boards of several prominent companies in India. He is also past President of the Institute of Chartered Accountants of India

He is also Chairman of the Audit Committee and Member of the Compensation Committee of the Company. Mr Banshi Mehta is not related to any Director of the Company. As on March 31, 2012, Mr Mehta holds 2,262,500 Equity Shares of the Company

Other Directorships :

Name of the Company	Position held	Membership of Committees*
Atul Limited	Director	Member – Audit Committee
Bharat Bijlee Limited	Director	-
CEAT Limited	Director	-
Century Enka Limited	Director	Member – Audit Committee
Clariant Chemicals (India) Limited	Director	-
Gillette India Limited	Director	Member – Audit Committee
Housing Development Finance Corporation Limited	Director	Member – Audit Committee
J.B. Chemicals & Pharmaceuticals Ltd.	Director	Chairman – Audit Committee
National Securities Depository Limited	Director	-
Pidilite Industries Limited	Director	Chairman – Audit Committee
Procter and Gamble Hygiene and Health Care Limited	Director	Member – Audit Committee
Sasken Communication Technologies Limited	Director	Chairman – Audit Committee
SBI Capital Markets Limited	Director	-
Sudarshan Chemical Industries Limited	Director	Chairman – Audit Committee
Uhde India Private Limited	Alternate Director	-

Note : The list of Directorships excludes Foreign Companies

* The Membership of Committees includes only two committees i.e. Audit Committee & Shareholders'/Investors' Grievance Committee of public limited companies as per Clause 49 of the Listing Agreement

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

Mr S M Datta was appointed as the Non-Executive Chairman of the Company at the Annual General Meeting of the Company held on August 30, 2007 for a period of five years with effect from April 1, 2007. It is now proposed to re-appoint Mr Datta as the Non-Executive Chairman of the Company for a further period of five years with effect from April 1, 2012

The Board of Directors recommend passing of this resolution

None of the Directors of the Company except Mr S M Datta are concerned or interested in the resolution

Item No. 8

Payment of commission to all Non-Executive Directors including the Non-Executive Chairman of the Company was approved at the Annual General Meeting of the Company held on August 30, 2007 for a period of five years with effect from April 1, 2007

The Company banks on the experience, expertise and valuable guidance of the Non-Executive Directors. In due appreciation of the time, effort and guidance provided by the Non-Executive Directors it is deemed appropriate to continue to pay remuneration by way of commission to the Non-Executive Directors not exceeding the limits laid down under the provisions of Section 309(4) and other applicable provisions of the Companies Act, 1956

It is now proposed to pay commission to all Non-Executive Directors including Non-Executive Chairman of the Company for a period of five years with effect from April 1, 2012

This would be in addition to the sitting fees paid to Non-Executive Directors for each meeting of the Board or Committee thereof, attended by them

All Non-Executive Directors eligible for commission are interested in the resolution

Registered Office :

The IL&FS Financial Centre
Plot No. C-22, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Place: Mumbai
Date: May 3, 2012

By Order of the Board of Directors

SANJAY MITRA
Company Secretary

PROXY FORM

IL&FS Investment Managers Limited

Regd. Office: The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

Folio No. _____

Client ID No. _____

DP Name _____

DP ID No. _____

I/We _____

of _____

being a member/members of **IL&FS Investment Managers Limited** hereby appoint _____

or failing him/her _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on July 24, 2012 at 4.00 p.m. at The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400 020 and at any adjournment thereof

Signed this ____ day of _____ 2012,

by the said _____

Re.1/-
Revenue
Stamp

Signature

Note: This proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. The proxy need not be a member of the Company

ATTENDANCE SLIP

IL&FS Investment Managers Limited

Regd. Office: The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

Please complete this Attendance Slip Form and hand it over at the entrance of the place of the meeting

Folio No. _____

Client ID No. _____

DP Name _____

DP ID No. _____

Name of the Shareholder / Proxy _____

Address _____

No. of shares held _____

I/We hereby record my/our presence at the 26th Annual General Meeting of the Company held on July 24, 2012 at 4.00 p.m. at The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400 020

Signature of the Shareholder / Proxy

IL&FS Investment Managers Limited
The IL&FS Financial Centre, Plot No. C-22, G-Block,
Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India

www.iimlindia.com

