



Private Equity

IL&FS Investment Managers Limited

ANNUAL REPORT 2013



— THE NUCLEUS OF INFRASTRUCTURE —

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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



**Mr S M Datta**  
Chairman

Dear Shareholders,

The financial year 2013 has been a challenging one. The year began with a difficult outlook and at one point of time it seemed that India was headed towards a period of severe economic slowdown. Economic growth was clouded by a high inflationary environment and mounting fiscal imbalance on account of elevated commodity prices, primarily Oil and Gold. The year did, in the end, witness a decadal low in GDP growth. The recent depreciation in the Rupee may translate into further stress on the economy

However, I am pleased to note that some of the factors contributing to this growth de-acceleration have begun to turn around. Inflation is softening, interest rates are expected to fall and price of Oil and Gold have corrected. This has given room to both the Government and a judicious Central Bank to pursue a more lenient economic policy. The process of financial easing has begun as the Reserve Bank of India has cut interest rates. The difficult economic environment and fear of country rating downgrade also nudged the Government to bring in a slew of economic reforms and focus on balancing its books. These reforms, in my opinion, are steps in the right direction and should hold the economy in good stead in the long term

For a developing economy like ours, sustained growth is an imperative and one of the key requirements for the same is reigniting the investment cycle. Creating a conducive environment for investments is the responsibility of the Government and the Government, to its credit, has earnestly attempted to address some of the issues facing the Indian economy by embarking on the process of fiscal consolidation and ushering in reforms. Another key element of reigniting the investment cycle is infusion of risk capital. The Private Equity industry has been playing a stellar role in channelizing risk capital into the country, and has emerged as one of the largest sources of fresh risk capital for the economy

This year has, however, not been an easy one for the Private Equity industry as a whole. There were headwinds of uncertainty on the economic and on the tax front. International capital with a long term perspective needs an environment which has stability and unfortunately some of the earlier policy announcements created an uncertain scenario. This, coupled with weak global risk appetite, translated into risk aversion amongst long term global investors for India. India focussed fund management companies therefore had a difficult time raising money. New Fund raises fell 73% since 2008 and were, during year, at their lowest level since the Indian Private Equity industry opened up in earnest in 2005

However, Investors have not ignored India completely as evidenced by the record inflows in listed equities space in recent times. The economic outlook is also expected to improve in the near term. This, hopefully coupled with continued liquidity in the global markets, may result in the Private Equity space witnessing more activity on the fund raising and deployment front

During the past year, your Company worked towards consolidating its position as one of India's premier Private Equity fund house and as a thought leader in the business. It has focussed its efforts on bringing differentiated investment products which seek to generate quality, risk mitigated returns for its investors. The process of fund raise for these products is ongoing. Further your Company also worked towards enhancing returns from its existing investments by proactive asset management. As the business environment improves, and our investee companies start ramping up operations, your Company intends to take advantage of the expected improvement in equity markets and announce value accretive exits. I believe that a combination of both strategies, innovative products and a continued focus on generating returns thereby enhancing the already strong track record, will ensure that your Company is the preferred choice for institutional investors to manage their long term funds in India

All growth economies and markets do witness intermittent periods of slow down only to recover and perform better. I have strong belief in the intrinsic potential of India and there is conviction that, despite recent setbacks, growth in India will play out in the long term. Similarly, or rather more so, in the Private Equity business, growth is a step function. The recent past has indeed been challenging but your Company has not only demonstrated the strength of its business model by maintaining profitability levels, but it also laid strong foundations for future growth

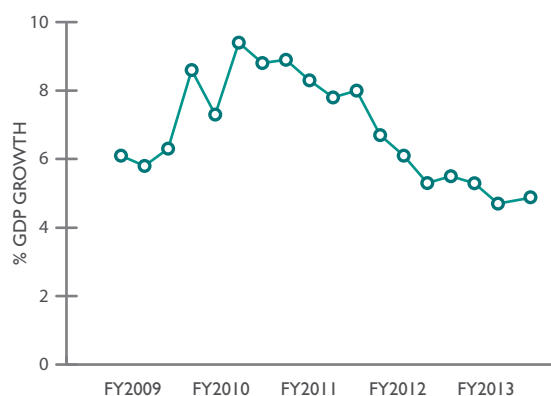
We continue to focus on improving business efficiency with the intent of enhancing shareholder value and in creating a sustainable and growth oriented business. The management and the team have been working relentlessly towards this goal and I would like to thank the shareholders for their continued support and belief in your Company

With Regards

**Mr. S M Datta**  
Chairman

June 10, 2013

### Moderating Growth



### Led by Weak and Volatile Industrial Output



### But Reforms underway to reignite growth

#### Policy Action / Reform Measures Undertaken

FDI limits relaxed in

- Single/Multi Brand Retail
- Teleports, Mobile TV Sky Broadcasting Services
- Power Exchanges
- Scheduled and Non-Scheduled Air Transport Services

Continued Divestment of Public Sector Undertakings

Restructuring of State Electricity Board loans

Fuel Price hike & hike in Railway fares

#### Policy Action Awaited

Implementation of Goods and Services Tax (GST)

Implementation of Direct Taxes Code (DTC)

Passing of Land Acquisition Bill

Hike in FDI limits in Pension and Insurance Sector

“...Investors have not ignored India completely as evidenced by the record inflows in listed equities space in recent times. The economic outlook is also expected to improve in the near term. This, hopefully coupled with continued liquidity in the global markets, may result in the Private Equity space witnessing more activity on the fund raising and deployment front.”



**Dr. Archana Hingorani**  
Chief Executive Officer & Executive Director

Dear Shareholder

It has been the end of another 'mixed bag' year. The Global economy has vacillated between a mix of fear, trepidation, unease and disquiet at one end; ambivalence and cautious optimism at the other. The Cyprus banking crisis falls in the former category. The ability of policy makers to stave off two of the biggest short-term threats to the recovery - the threat of a euro area breakup and a sharp fiscal contraction in the United States caused by a plunge off the "fiscal cliff" gives rise to the latter. In all, the global economic score card can be termed encouraging. As succinctly put by the International Monetary Fund in its April 2013 World Economic Outlook and Global Financial Stability Report - Financial stability has improved and the ensuing financial market rally has been helping economic recovery by improving funding conditions and supporting confidence

A similar mix of emotions is also at play in India as well. The sub five percent growth during fiscal 2013 is disconcerting, but in the perspective of the paralysis in capital investments which had been plaguing Corporate India for some time now, this growth number is not something which was totally unexpected. Further, on closer examination, there are certain positive factors which are beginning to take shape, laying the foundation for reversing the slowing growth. End of the fiscal has brought relief with lower

than expected deficit. The Reserve Bank of India, whilst continuing to maintain its hawkish stance, has relaxed the monetary policy. The Government has also taken some pro-reform measures though on the ground implementation will be instrumental in continuing the positive trends. Growth expectation for fiscal 2014 is being pegged at around 6%. While this is lower than the earlier expectations, it would still reflect a marked improvement over the 2013 growth levels

However, slowing growth and listless primary public markets during the last year have taken a toll on the operating performance and exit expectations of Private Equity (PE) portfolio companies. This coupled with the volatility in the currency has impacted the returns. As of 2013, India has returned \$30 billion of the nearly \$85 billion total capital invested since 2000. By comparison, China has returned \$375 billion out of the \$561 billion invested since 2002, a significantly higher proportion. The impact of local factors is felt more strongly on the PE industry, compared to any other sector of the economy, as these factors not only impact portfolio performance, but also impact fund raising. Investor perception for India has been dented and global institutional investors have held back increasing commitments. As a result, fund raising in India is down 73% since 2008, significantly higher than the fall in fund raising of 40% faced by emerging markets during the same period

## Strategic Intent : Diversify Across Product Categories

*"The new funds sought to be raised break new ground for the Company and are steps towards our ambition to build a more global fund house. Developing a diversity of product profile targeting disparate risk appetites, and geographies, has been our focus during 2013"*

Product	Capital Source	Geography	Structure
	Institutional	Local	Pooled Vehicle
	Retail	Regional	Managed A/c
		Global	
Return	Yield	Mezzanine	Equity
	Infrastructure	Infrastructure	Infrastructure
	Real Estate	Real Estate	Real Estate
		Private Equity	Private Equity
Control	Listed	Minority Control	Buyouts

Within this dynamic business environment, we continue to be focussed on, and have invested significant time, resources and senior management bandwidth, in raising new funds. With the improvement in business environment, these efforts are expected to fructify during the year. More importantly, the new funds sought to be raised break new ground for the Company and are steps towards our ambition to build a more global fund house. Developing a diversity of product profile - targeting disparate risk appetites, and geographies, has been our focus during 2013

The outcomes have been positive. The Middle East Infrastructure Fund has received encouraging investor response, and the Fund's First Close is expected in the near term. Replication of the Pan Asian investment strategy by way of a follow-on Fund is underway. The underlying strategic intent is to move beyond the Company's positioning as an India-centric fund manager and to take a larger share of the global private investment flows; to work like a global company implementing internationally accepted investment practices but operate locally, with strong on the ground teams. This approach allows us to de-risk our business model and to navigate through these dynamic and difficult markets

On the operational front, during the year, IIML completed investing all its funds. While we will continue to undertake follow-on funding, the teams are largely focussed on working the partners in optimizing value of our investments. During the year the company has invested ₹7.7 billion. These investments have been made with significant levels of due diligence and with quality underwriting. We are confident that in the years to come these will generate exciting returns and add to the strong track record of the company

We also continue to work with a single minded focus on ensuring that assets achieve optimal valuations and time bound exits. Aggregate divestments during fiscal 2013 stood at ₹5.4 billion, and would have been higher had it not been for difficult market situations. Many of our portfolio investments have attained maturity on the back of noteworthy efforts put in by the team in

developing these businesses and I believe that this work should come to fruition as markets improve during the year. Getting the timing right and being proactive will be of prime importance as the team continues to ensure quality exits

Private Equity Fund management is a complex fiduciary business which is impacted by a host of extraneous factors. These factors are more ably dealt with, especially in challenging times, by players with a long track record of an on the ground experience. We have, for instance, posted growth in profits during a year, which in fact saw some of our peers shut shop in India. Growth in profits has been also despite our regimented divestment schedule, which in fact reduces our asset under management, and therefore our fees. Our efforts to enhance the product profile continue unabated. We have, in the past, raised and exited funds successfully, despite market conditions. The road ahead to fulfilling our strategic intent is backed by the same capable team, which has, over these years, developed a significant fund management experience. Coupled with your support, we are confident of fulfilling our shared vision

With Regards

**Dr. Archana Hingorani**

Chief Executive Officer & Executive Director

May 29, 2013



● Our Past Experience & Present Offerings

○ Future Offerings



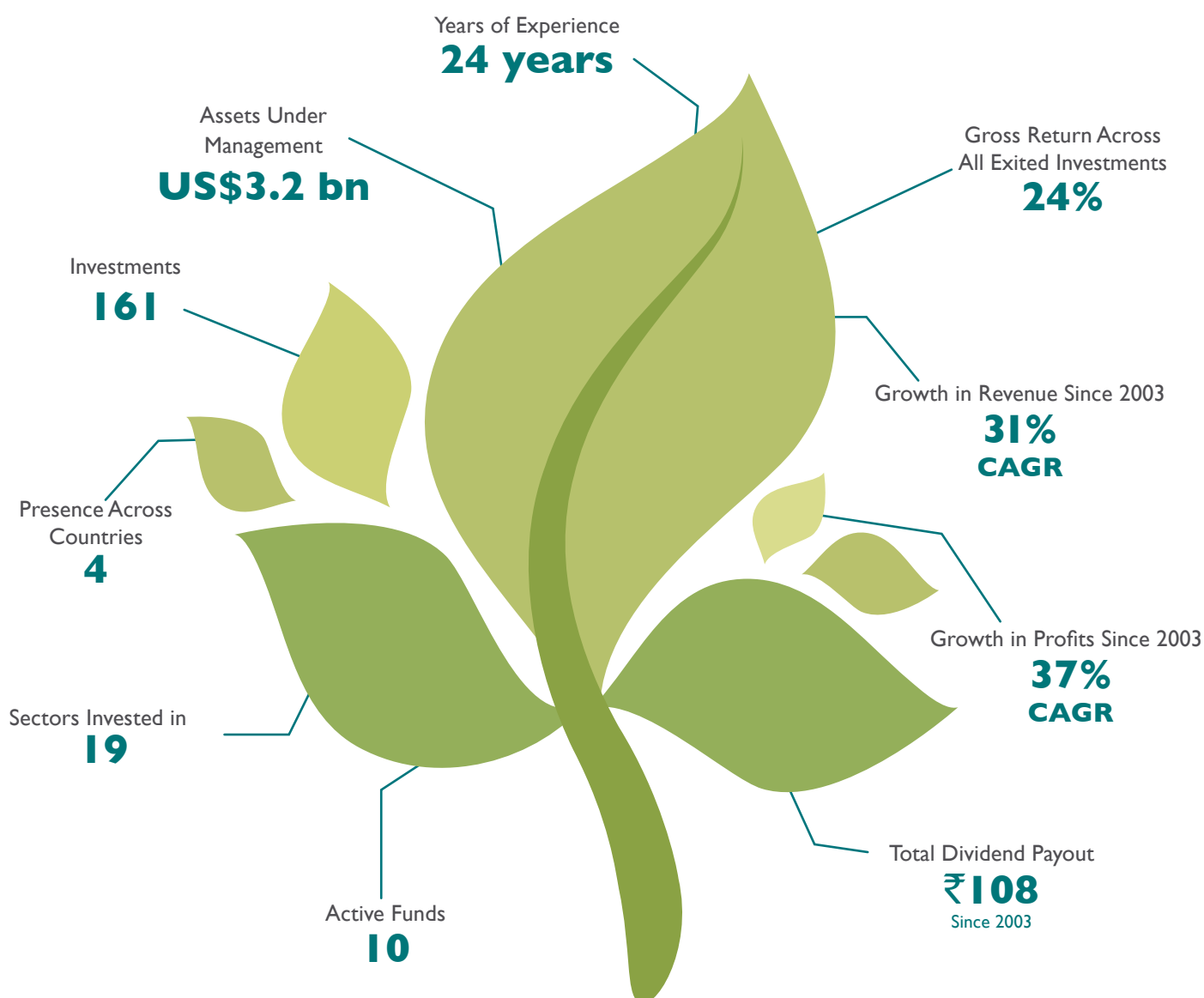
# FINANCIAL HIGHLIGHTS

(₹mn)

	FY2009	FY2010	FY2011	FY2012	FY2013
Total Income	1,642	1,813	2,012	2,247	2,269
Total Operating Cost	578	680	830	1,022	1,258
PBT	846	957	905	953	1,011
PAT	622	738	690	735	767
PAT%	38	41	34	33	34
EPS * (₹)	3.1	3.7	3.4	3.6	3.7
Dividend%**	70	75	75	75	75

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

\*\* % of Face Value of share of ₹2 each







## SEEDING INFRASTRUCTURE INVESTMENTS





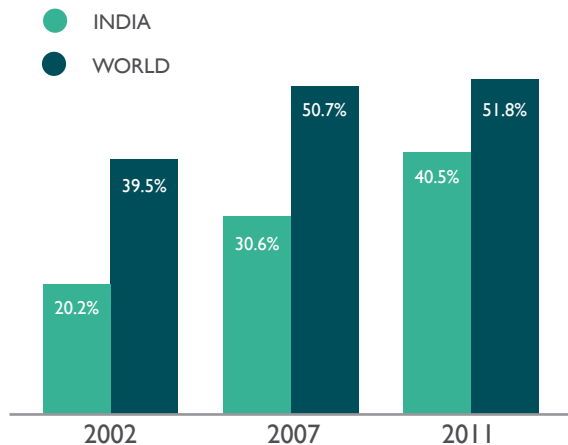
India has 13 major and 187 Minor/Private Ports along its more than 7,500 km long coastline. About 95% of the foreign trade by quantity and 70% by value takes place through these ports

Over the last few years, the Government has announced several policy initiatives to enhance private sector participation in ports

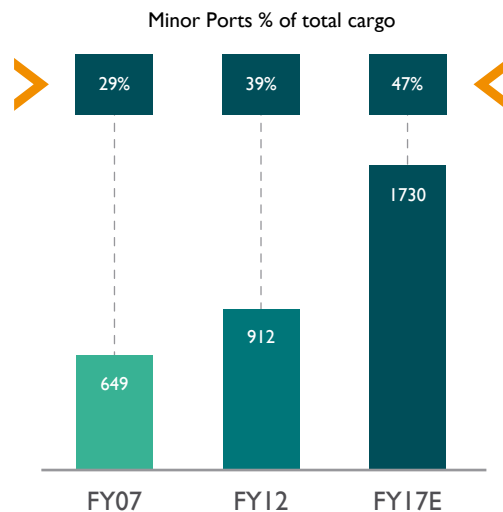
- 100% foreign investment under the automatic route
- Tax break under Section 80 IA
- Allowance to Major Port Trusts to form joint ventures with foreign port operators, Minor Ports and other companies
- Model Concession Agreement

The Maritime Agenda 2020 envisages an investment of ₹3 trillion by 2020 towards development, modernization and expansion of berths (₹1.3 trillion in Major Ports and ₹1.7 trillion in Minor Ports) in a target to develop an aggregate capacity of 3.2 billion tonnes. More than 80% of the investment in Major Ports and 96% of investment in Minor Ports is expected to be undertaken by the Private Sector

India's Increasing Trade as a % of GDP



Private Ports Capture a Larger Share



## Ingredients in Place for an Attractive Asset Class



**predictable** cost structure and cash flow visibility



differentiated **pricing power** with better services



**performance** comparable globally



**high barriers** to entry



play on the trade **growth**



# OUR INVESTMENT IN THE SECTOR

## Gujarat Pipavav Port Limited

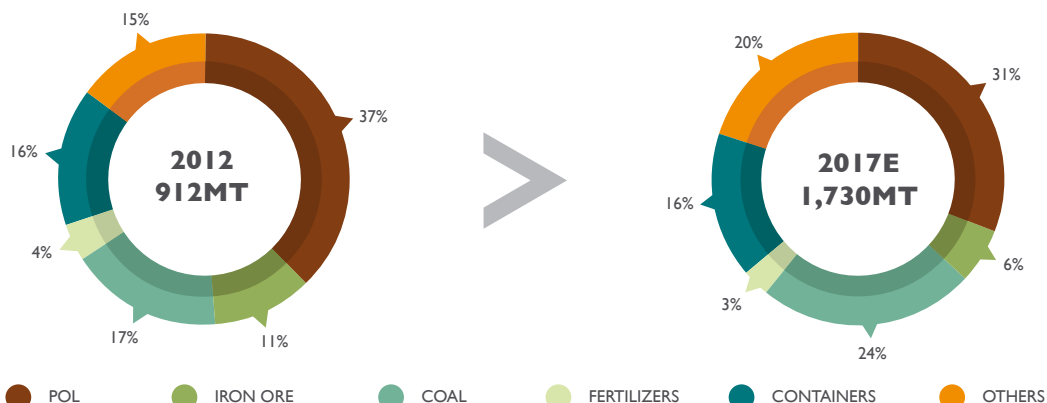
- India's first private sector port. Promoted by APM Terminals, one of the largest container terminal operators in the world - operates 60 ports and terminals and 132 inland services in 63 countries
- Has the exclusive right to develop and operate Port Pipavav until September 2028
- Strategically located in Southern Gujarat and well positioned to capture cargo from the industrialised hinterland in Gujarat as well as cargo originating from Northern India.
- The Port has 4 berths used for handling bulk and container cargo and an LPG berth. The port has a draft of upto 14.5 metres and has a capacity for :
  - 1.3mn TEU's container cargo
  - 5.0mn tonnes bulk cargo
  - 2.0mn tonnes liquid cargo
- Registered robust growth in container cargo - container volumes have grown at a CAGR of 21% since 2009
- Has the right to develop over 1,500 acres of land at the Port for further expansion
  - Additional berthing and cargo handling facilities at the waterfront and in the back-up areas
  - Expanding capacity in container stack yard, fertilizer shed and tank farms
  - Increasing capacity to 1.5mn TEUs in the container segment and to 10mn tonnes in the bulk segment by 2015
  - Entails Capex of ₹11bn
- Cargo traffic is projected to grow at a healthy pace given the port's proximity to hinterland, well developed infrastructural facilities and good rail and road connectivity



### Advantages for Minor Ports - Private Ports like Port Pipavav well positioned to take advantage of the growth in cargo traffic

	Major Ports	Minor Ports
Spare Capacity		
Mechanization		
Deep Draught		
Scalability		
Rail/Road Connectivity		
Regulatory Bottlenecks		
Operational Flexibility		

### Strong Growth Expected in Maritime Traffic





## Natural Gas :A Green Fuel

**NO<sub>x</sub>**

Compressed Natural Gas (CNG) powered vehicles have emissions which are one fourth of diesel vehicles

Fuel emission level of 22gms per 100kms for CNG vehicles, 97% lower compared to petrol vehicles

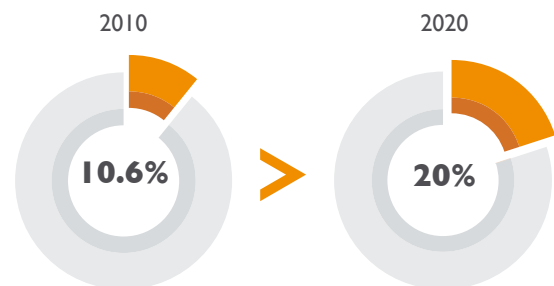
**CO**

**PM**

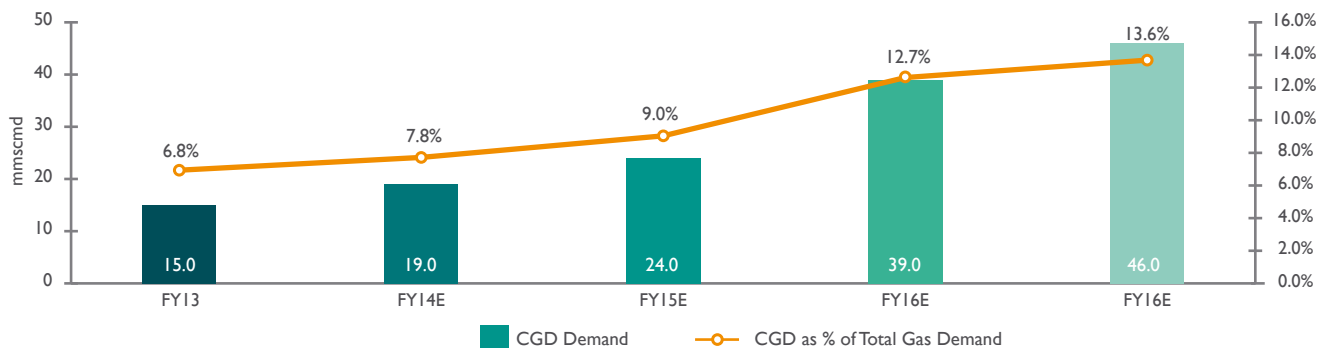
Negligible (0.29gms) compared to 12.5gms per 100kms emitted by diesel vehicles

NO<sub>x</sub>: Mono - Nitrogen Oxides, CO: Carbon Monoxide, PM: Particulate Matter

## Capturing a Larger Share of India's Energy Basket



## Demand in Cities to Drive Incremental Consumption of Natural Gas



mmcmd: million standard cubic meters per day, CGD: City Gas Distribution

# OUR INVESTMENT IN THE SECTOR

## Maharashtra Natural Gas Limited

- Operates a City Gas Distribution (CGD) network in Pune and its surrounding areas of Pimpri Chinchwad, Hinjewadi, Chakan and Talegaon
- Network comprises
  - CNG dispensing stations for vehicles
  - Piped Natural Gas (PNG) city-wide grid to service commercial, industrial and domestic requirements
- Gas allocation by the Ministry of Petroleum and Natural Gas
- Sponsored by two large public sector undertakings GAIL, India's largest gas transmission company and BPCL, a Fortune 500 company operating in the oil refining and petroleum product distribution space
- IIML had, through one of their earlier funds, participated in the formation of the similar company Indraprastha Gas Limited, now listed on public markets
- IIML managed fund invested in Maharashtra Natural Gas Limited in 2009

## Benefits for Key Stakeholders

### Industrial Customers

- Continuous Supply
- Low Inventory cost
- Better operational efficiency

### Automotive Users

- Reduction in emission
- Safety in combustion
- Lower running cost

### Government

- Reduced subsidy burden
- Higher allocation of LPG cylinders to rural areas

### Domestic Customers

- Uninterrupted supply
- Post paid v/s prepaid structure
- Lower probability of explosion

## Business Highlights

Gas  
Allocation

**0.4**  
mmscmd

Infra  
Exclusivity

**25**  
years

CNG  
Vehicles

**44,300**  
vehicles

CNG  
Stations

**17**  
stations





India has the second highest urban population in the world and will be amongst the fastest growing urban populations globally between 2013 and 2020 in absolute terms. This urbanising trend holds significant investment and consumer market potential but also creates challenges like over-crowding, pollution and rising crime levels

India's urban population grew by 2.8% annually between 2000 and 2012, compared to the 1.6% per year rise in the total population, thanks to rapid economic growth and strong rural-urban migration

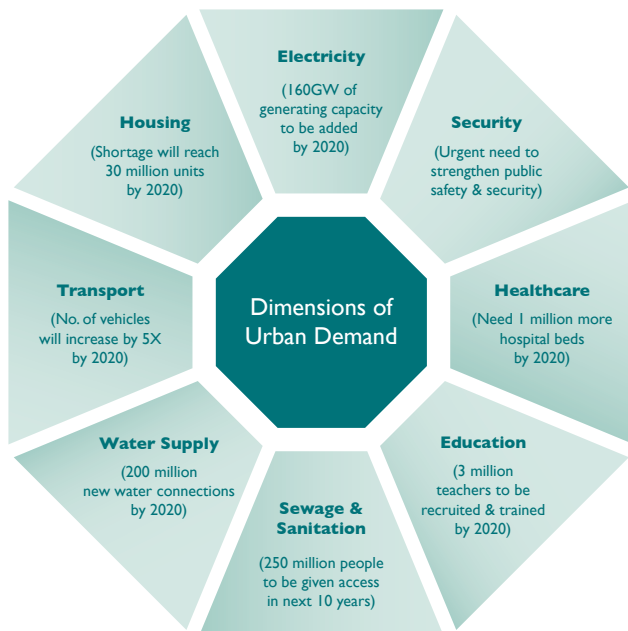
In 2012, India's urban population stood at 388 million. However, the country's urban population accounted for only 31.6% of the total population in the same year compared to the global average of over 50.0% of the total population

Chronic underinvestment in infrastructure is a big problem in the country and one of the biggest weaknesses of its business environment. Infrastructural spending is not keeping up with the growing needs of cities where a large proportion of the population lacks access to water supply and sanitation facilities

## Waste Management Sector

- Significant increase in waste generated led by population growth, urbanization and rising income levels
- Municipal Solid Waste (MSW) generation expected to increase at ~8% p.a. for the next 20 years (compared to population growth of ~1.4%)
- Hazardous waste generation increased at a CAGR of 14% in the last 5 years; e-waste increased at 19%

## Key Dimensions of Urban Demand in India



## Business Environment for Private Players

- MSW sector has witnessed strong private sector participation in the last 2-3 years
- Public Private Partnership projects covering the entire MSW spectrum - primary collection, transportation, processing and disposal being awarded by municipalities across India
- MSW market is fragmented, with only a few players having sizeable, pan India operations
- Hazardous waste management has high entry barriers and hence this space has higher margins and lower competition
- Lower competitive intensity and scope for expansion beyond India result in attractive economics for established players in turnkey integrated waste management
- Other emerging sub-sectors like waste-to-energy, material recovery & recycling have potential to drive industry growth

Source : Goldman Sachs Research; World Bank Reports; Gol Data Source; Booz & Company



# OUR INVESTMENT IN THE SECTOR

## Ramky Enviro Engineers Limited

- ❑ Pioneer in the waste management sector in India
- ❑ Provides design, engineering, construction, operations and maintenance services for :
  - Hazardous waste : Treatment, Storage, Disposal
  - Municipal waste : Collection, Transportation, Processing, Composting and Landfill
  - Biomedical Waste : Collection and Incineration
  - Integrated Environment Services (IES) for Industries
- ❑ Awarded Concessions ranging from 8-35 years, across India
- ❑ Has developed key technological strengths
  - Meets US-EPA norms for Secured Landfill
  - Follows European norms for Incineration
  - Technology for incineration from Alstom
  - Technical Assistance from AusAID
- ❑ Has ventured into recycling, e-waste, solvent recovery and waste to energy projects
- ❑ Presence in Asia, Australia, Middle East, and Africa
  - Acquired a conservancy business in Singapore and a environmental consultancy company in Australia
  - Executed environmental infrastructure projects in Gabon & Oman

### Waste Management

- Hazardous Waste
- Municipal Solid Waste
- Biomedical Waste
- E-Waste

### Operations & Maintenance

- Secure Landfills
- Common effluent treatment plants
- Site Decontamination
- Facilities Management

### Consultancy Services

- Env. Reports and Clearances
- Energy Audits
- Lab Services
- Env. Monitoring

### Recycling

- Electronic Waste
- Plastic
- Paper
- Oil & Solvents
- Lead Acid Battery

## Ramky's Market Reach

- ❑ Hazardous Waste : 12 projects (1 mn tonnes per annum)
- ❑ Municipal Waste : 25 cities (~10,000 tonnes per day)
- ❑ Biomedical Waste : 14 projects (covering 180,000 beds)
- ❑ IES : Projects with corporates like Cairn Energy, Orchid Chemicals, Hindustan Zinc, Grasim, JK Paper, etc







## Cable Continues to Remain the Dominant TV Platform



Added over **20 mn** subscribers since 2007

**Healthy growth** despite entry of DTH



Over **22 mn** set top boxes seeded over the last 12 months

## Digitisation to Transform the TV Industry

- ❑ Compulsory digitisation across India by December 2014
- ❑ All stakeholders stand to gain
  - Government : Higher tax revenues
  - Broadcasters, DTH and cable distribution companies: Higher share of subscription revenues - US\$ 4 bn subscription revenue leakage to be channelised
  - Local Cable operators : Higher revenue per user arising from higher contribution of VAS and broadband
- ❑ FDI Limit increased to 74%, increasing interest from global players

## Phased Rollout of Digitisation

**Phase I**  
Deadline:  
Oct 31, 2012

4 Metros : Delhi, Mumbai, Kolkata & Chennai

**Phase II**  
Deadline:  
Mar 31, 2013

All cities with 1mn+ population

**Phase III**  
Deadline:  
Sep 30, 2014

All other urban areas  
(municipal corp./municipalities)

**Phase IV**  
Deadline:  
Dec 31, 2014

Rest of India

# OUR INVESTMENT IN THE SECTOR

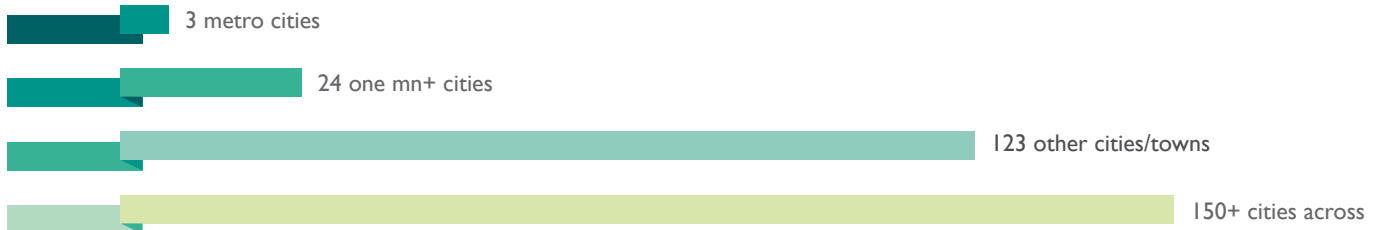
## DEN Networks Limited

- One of India's largest cable distribution companies with a pan India presence in over 150 cities across 13 states, spanning India's urban affluent landscape
- Promoted by Sameer Manchanda, one of India's well known media sector entrepreneurs
- Has a professional management team with excellent execution capabilities recruited from leading Indian cable & Direct to Home (DTH) companies
- 11 million subscribers including a digital subscriber base of over 4 million
- The first distribution company with a strategic stake in content through its JV – Media Pro ; the exclusive distributor of all Star, Zee & other channels in India (70+ channels)

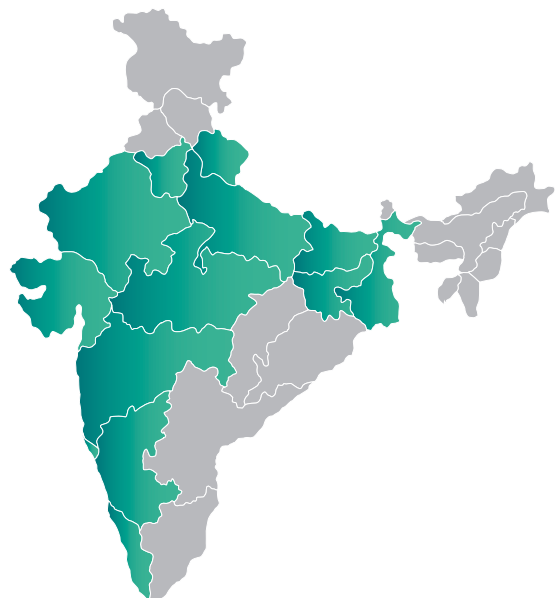
## Rapid Scalability of Digital Subscribers

- Has achieved rapid scalability of digital subscribers over the last one year and has a digital subscriber base of over 4 million
- Raised US\$ 160mn in May-June 2013 from pedigreed investors including Goldman Sachs
- Growth verticals over the medium term include :
  - Digitisation : Digitisation of existing analog subscriber base in Phase III and IV areas
  - Consolidation : Consolidate fragmented cable players and digitise
  - Broadband : Launch and scale up broadband service.
- DEN has registered strong financial performance since incorporation in 2007. The Company was EBITDA positive in the first full year of operations and has been PAT positive over the last 4 years

## Pan-India Presence



## Presence in 13 States across India



# PERFORMANCE THROUGH THE YEARS

## 161 Investments

Private Equity

51

Infrastructure

37

Real Estate

62

Yield

11

## 78 Exits & Liquidity Events

Fully Exited

55

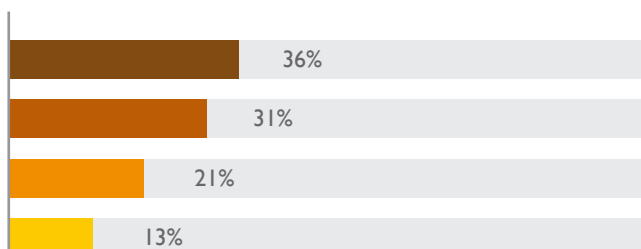
Partially Exited

12

Liquidity Event

11

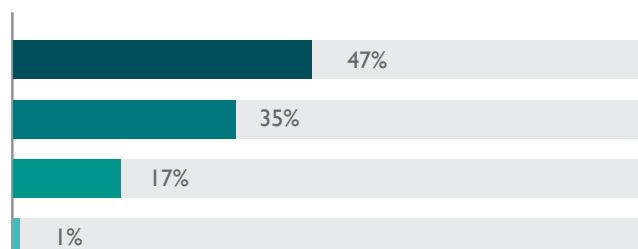
Liquidity Event by Type



● LISTED / IPO  
● BUYBACK

● STRATEGIC SALE  
● TRADE SALE

Liquidity Event by Vertical



● PRIVATE EQUITY ● REAL ESTATE  
● INFRASTRUCTURE ● YIELD

**24%<sub>p.a.</sub>**  
Gross Realized IRR\*

**1.9x**  
Cash Multiple\*

**₹37.1 bn**  
Gross Divestment Amount

\* For Fully Divested Investments

# INVOLVEMENT THROUGH THE YEAR

## Akshata : IIML's Corporate Social Responsibility Initiative



Dr. Hingorani inaugurating the Teacher Trainee's Exhibition (March 2013)

### Mumbai Mobile Creches (MMC)

MMC aims to transform child care arrangements and services for children at construction sites. It reaches around 5,500 children in Mumbai and Thane

IIML grant **impacted over 500 children**

Sponsored several events throughout the year wherein IIML employees participated

- ❑ Edutainment Movies : 126 children participated
- ❑ Janmashtami workshop : 30 children participated
- ❑ Annual camp at Marve : 400 children participated
- ❑ IIML sponsored return gifts at various events

Employees **celebrated family occasions** at MMC centers

**Sponsored staff picnic** - 100 teachers participated

IIML employees **attended teacher trainee's exhibition** held in March 2013. Dr. Archana Hingorani was the Chief Guest at the event

### Sunbeam

Sunbeam provides booster education (equivalent to coaching classes) to students of municipal schools in Central and Western Mumbai. It supports ~1,300 students

IIML **supported 180 senior Kindergarten students** at the Worli centre in 2012-13

### Masoom

Masoom aims to upgrade the quality of education provided by night schools. Currently, Masoom supports 15 schools in Mumbai

IIML **sponsors one night school** with around 150 students at the Meenatai Kurude Night School, Wadala

**Scholarship programme** - 4 students supported by IIML

**Supported setting up a computer centre** at Lower Parel

**Distributed 130 exam boards** to students in an interactive program in February 2013

Advised on **future growth strategy**



Annual Camp at Marve (December 2012)

“We are most appreciative of all your support towards Meenatai Kurude Night School and look forward to many such interactions with you in the future”

Nikita Ketkar  
CEO - Masoom





## FINANCIAL STATEMENTS



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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 Seventh Annual Report with the Audited Financials of the Company for the year ended March 31, 2013

## FINANCIAL ACHIEVEMENTS AND DIVIDEND

	For the year ended March 31, 2013 (₹ mn)	For the year ended March 31, 2012 (₹ mn)	For the year ended March 31, 2013 (₹ mn)	For the year ended March 31, 2012 (₹ mn)
	Standalone	Standalone	Consolidated	Consolidated
Total Income	1032.12	1042.75	2269.27	2247.01
Profit before Taxation	615.77	575.64	1011.39	953.14
Provision for Taxation	191.34	165.21	244.73	215.04
Net Profit after Taxation	424.43	410.43	766.30*	735.33*
Profit available for appropriation (Inclusive of balance carried forward from the previous year)	535.00	515.66	2172.25	1811.05
<b>Appropriations :</b>				
General Reserve	43.00	42.00	43.00	42.00
Dividend (inclusive of dividend tax)	366.10	363.09	366.10	363.09

\* after Minority Interest

## DIVIDEND

During the year, your Company achieved a net profit after tax of ₹ 424.43 mn. Your Directors recommend a dividend of ₹ 1.50 per share of face value ₹ 2/- each. The total amount of dividend is ₹ 366.10 (inclusive of dividend tax of ₹ 53.52 mn)

## REVIEW OF OPERATIONS

The multiple challenges that the global economies have been facing over the previous few years have continued to impact global growth. Whilst most policymakers have tried to limit the downside risks by issuing various stimuli packages, the process of reigniting growth in most economies is a slow process. Austerity and focus on fiscal consolidation has had some impact and significant downside risk have now abated. Most major economies have started seeing some positive movement in the process and in the next few years slowly but steadily, growth prospects of most economies are expected to improve. The focus as always will be on strengthening the existing situation whilst focusing on investments in critical areas to encourage sustainable growth

India has also seen headwinds in the form of slowing growth and a growing fiscal imbalance. The Indian economy is expected to register a GDP growth of 5% or lower in FY2013, as against the original projections of over 6%, the lowest in a decade. Inflation has remained consistently above the comfort level and currency problems have compounded in the last 18 months, with all-time high current account deficit levels

The last couple of quarters provided some ray of hope with the Finance Minister pushing for several reforms, controlling FY2013 fiscal deficit to 5.2% of GDP, and targeting to lower it further to 4.8% for FY2014. The RBI cut its repo rate twice this year, to bring the rate down to 7.5%, in a bid to stimulate growth. The Indian economy seems to be showing early signs of recovery. Industrial production growth for March 2013 accelerated from the previous month. More importantly, the 'growth quality' improved as capital goods output increased for the second consecutive month. Further, for the quarter ending March 2013, private projects under implementation increased, albeit marginally, in year on year terms after nine quarters of deceleration



The key concerns for India's fiscal imbalance and high inflation have abated and provided room for the RBI to adopt a more lenient monetary policy. This has been primarily due to a drop in gold and oil prices in the recent past and positive predictions of a normal monsoon. If the above trends persist, the economy should perform well in the medium term to long term, as the true impact of these tailwinds will provide an opportunity for some of the macro variables to self correct

Fund raising also continues to be challenging. There was a 40% contraction in new fund raising plans announced in 2012 as compared to 2011. Fund raising timelines continued to be stretched as the regulatory uncertainty around GAAR, retrospective taxation and the Mauritius DTAA also impacted investor sentiment. When compared to other emerging markets, such as China and Brazil, India ranked lowest in terms of funds raised in 2012

FY2013 was similar in many respects to a difficult FY2012 and conditions for Private Equity investors continued to be tough. The year saw a moderation in PE investment on the back of overall weak fundamentals. During FY2013, 410 transactions saw US\$ 8.8 bn of investments as compared to US\$ 12.2 bn invested in 568 deals in FY2012. Against this backdrop, IIML continued to invest US\$ 143 mn (₹ 7.72 bn) in attractive opportunities across the Infrastructure and Real Estate verticals

The scenario for exits in FY2013 also continued to be hampered largely by the slowing growth. However, it was marginally better than FY2012. In FY2013, there were 146 exits announced for US\$ 4.3 bn (₹ 232 bn) as compared to 140 exits announced for US\$ 3.4 bn (₹ 192 bn) in FY2012. However, IIML was successful in generating exits of ₹ 5.37 bn across the verticals of Growth Private Equity and Real Estate

On a consolidated basis, the Income from Operations of the Company for the Financial Year 2012-2013 was ₹ 2244.91 mn, inclusive of Income from Investments of ₹ 83.81 mn. Other Income was ₹ 24.36 mn and the Total Income on a consolidated basis for the Financial Year 2012-2013 was ₹ 2269.27 mn. The total Operating Expenses for the year were ₹ 1257.88 mn and the resultant Profit after Tax on a consolidated basis for the Financial Year 2012-2013 was ₹ 766.29 mn (after minority interest)

On a standalone basis, the Income from Operations of the Company for the Financial Year 2012-2013 was ₹ 1010.80 mn inclusive of Income from Investments of ₹ 104.32 mn, Other Income of ₹ 21.32 mn resulting in the Total Income of the Company for the Financial Year 2012-2013 of ₹ 1032.12 mn. The total Operating Expenses for the year were ₹ 416.35 mn and the resultant Profit after Tax for the Financial Year 2012-2013 was ₹ 424.43 mn

### FUTURE OUTLOOK

The beginning of FY2014 has witnessed improvement in some of the macro-economic parameters. There is confidence that fiscal deficit may be controlled and factors contributing to higher deficit viz. Oil and Gold prices will remain moderated. Thus, while growth for FY2014, expected at around 6%, is significantly lower than that attained during the 2005-2008 period, it would be a marked improvement over FY2013

Against this backdrop, your Company continues to seek out fund management opportunities in products and geographies, which enhance our present offerings. The wider product spectrum will cater to a more diverse set of investors, and would de-risk our India centric business model. This strategy is expected to play out in the next 2-3 years of years. In the immediate term, your Company is focussing on Closing the fund in the Middle East as also the follow-on SCI Asia Fund II

All the funds managed by your Company have now been fully invested and the Company has now moved focus on asset management. The team has been working closely with investee companies and partners to ensure that investments are being managed effectively to ensure that they achieve optimum valuations. A large emphasis for this year will also be on exits, as many assets mature and some Funds get closer to the end of their Fund lives. This would mean a continued effort on part of the management team to ensure that these assets achieve their potential value and are exited in a value accretive manner

# Directors' Report

## DIRECTORS

Mr Ravi Parthasarathy, Mr Arun Saha, and Mr Vibhav Kapoor 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, Registration Number 117366W, 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 628,500 Equity Shares of ₹ 2/- each on the exercise of Options issued under the Employee Stock Option Plan 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 Subsidiary's 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 the 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. The Fund expects to complete full divestment by the first half of FY2014

The Total Income for Financial Year 2012-2013 was ₹ 19.60 mn inclusive of Income from Investments and Other Income of ₹ 3.43 mn. The Total Expenses of IAIML for the year were ₹ 18.85 mn and the resultant Profit after tax for the year was ₹ 0.75 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

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. The Company'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, 2013, projects for a term loan of ₹ 33.97 bn have been sanctioned from the PMDO facility and the assets under management were at ₹ 14.12 bn

The Total Income for the Financial Year 2012-2013 was ₹ 146.39 mn inclusive of Income from Investments and Other Income of ₹ 4.26 mn. The Total Expenses of IUIML for the year were ₹ 81.31 mn and the resultant Profit after Tax for the year was ₹ 43.90 mn

### **IIML Asset Advisors Limited :**

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

The Total Income of IAAL for the Financial Year 2012-2013 was ₹ 111.38 mn. The Total Expenses of IAAL for the year were ₹ 76.62 mn and the resultant Profit after Tax for the year was ₹ 25.38 mn

### **IL&FS Investment Advisors LLC :**

IL&FS Investment Advisors LLC, Mauritius (IAL) 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 and Saffron India Real Estate Fund I

The Total Income of IAL for the Financial Year 2012-2013 was US\$ 33.88 mn. The Total Expenses of IAL for the year was US\$ 27.52 mn and the resultant Profit after Tax for the year was US\$ 6.14 mn

### **IIML Advisors LLC :**

IIML Advisors LLC was incorporated during the last year for the purposes of managing certain funds from Mauritius. The Company expects to start its operations during this year

### **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 has started operations during the year

## **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. 24(c) and 24(d) respectively, of the 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

# Directors' Report

## 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, 2013. 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, 2013 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, 2013 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 : April 30, 2013

## 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 2012-2013, 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, 2013	:	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	:	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	:	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	:	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, 2013	:	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	:	628,500 Options
(5)	Total number of shares arising as a result of exercise of Options	:	628,500 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	:	₹ 10,367,600
(9)	Options vested but yet to be exercised	:	732,500 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, 2013	:	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, 2013 and accordingly there is no employee compensation cost for the year ended March 31, 2013

The Diluted Earnings Per Share pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard 20 is ₹ 2.03. 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 the 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

# Annexure to the Directors' Report

## AUDITORS' CERTIFICATE

### Introduction

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, 2013 in connection with the issuance of the stock options under the plans.

### Management's Responsibility for the Compliance

The Company's Management is responsible for implementation of the plans in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the guidelines"). This includes collecting, collating and validating data and the design, implementation and maintenance of internal controls relevant to preparation of financial statements compliant with the guidelines, that is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express our conclusion based on our limited assurance procedures. We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purpose issued by the Institute of Chartered Accountants of India, which include the concepts of test checks and materiality. The Guidance note and auditing standards require us to obtain reasonable assurance based on verification, on a test check basis, that the Company has complied with the guidelines.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Criteria

The criteria against which the information was evaluated are the books, the plans and other records maintained by the Company to review the compliance with the guidelines and relevant information and explanations produced before us.

### Conclusion

Based on our limited assurance procedures and according to the information, explanations and representations provided to us by the Management, we certify that the plans have been implemented in accordance with the guidelines 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.

### Restriction on Distribution

This certificate is intended solely for the use of the Management of the Company for placing before the shareholders at the ensuing Annual General Meeting of the Company, for compliance with Clause 14 of SEBI guidelines, and is not to be used for any other purpose or to be distributed to any other parties. This certificate relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole.

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

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

Mumbai, April 30, 2013



# Management Discussion And Analysis

## (I) Business Overview

The World economy has posed challenging issues for policymakers during the last couple of years. Governments across the globe have responded with quantitative easing and stimulus policies, and have endeavored to reduce excessive deficits. As a result, the downside risks have been contained. Policy action has in fact lowered acute crisis risk in the Euro zone and the United States. Stimulus plans in Japan are also expected to boost growth

However, prognosis by Institutions like the International Monetary Fund (IMF) remains guarded. Uncertainty is high, confidence low, financial sectors weak, and while there have been significant fiscal achievements, these have been accompanied by disappointing growth. The path to recovery is fraught with risks, and events like the Cyprus banking crisis are a constant reminder that whilst there has been progress, full recovery is still sometime away and still needs a lot of work and close monitoring. IMF has, in its recent forecasts, tempered global GDP growth estimates for CY2013, for the fourth consecutive time to 3.3%, with the US and European economies being the key drag on global growth. The process of recovery therefore seems to be slow and volatile and there is need for patiently working on repairing the fundamentals whilst investing in new growth areas

The year began on a difficult note for India as well. At one point of time, the country risked being downgraded by most rating agencies in light of the high inflation, slowing growth and the rising fiscal deficit. Ambiguity in the tax regime and slowing growth also had an impact on private investing and Foreign Direct Investments (FDI) which slowed down from the previous year by 38% to US\$ 21 billion. In response, the Government of India undertook positive policy action and announced reforms oriented at reviving growth and reigning in the deficit. These positive announcements translated into an upswing in the equity markets, which bounced back from their lows and saw a strong move on account of buying from Foreign Institutional Investors (FIIs), which have invested record numbers in equity and debt markets during the year – over ₹ 1,302 billion in equities and ₹ 225 billion in the debt markets

More recently, there has been reason for optimism given that some macro factors which were headwinds in the previous fiscal – high oil and gold prices and inflation – are showing signs of softening. This, if sustained, may hold the macro economic situation in good stead in the days to come. Indian macroeconomic environment can, in summation, be characterized as being stable, but with a downward bias in the short term, and having a higher, though moderate growth outlook in the medium term

Reflecting the global and local uncertainties, conditions for Private Equity (PE) also continued to be challenging. The year saw a moderation in PE investments - US\$ 8.8 billion invested across 410 transactions during FY2013 compared to US\$ 12.2 billion invested in 568 deals during FY2012. Fund raising also continues to be challenging. Risk aversion and focus on core markets has impacted LP interest in emerging markets. Fund raising in emerging markets is down almost 40% since 2008. India has been hit the hardest with new fund raise down 73% compared to 2008 levels. Capital invested was also less than half of 2008 levels as well

India focused funds across all genres raised US\$ 2.1 billion during the year, which is the lowest, when compared to other emerging markets, such as China and Brazil. Fund raising timelines also continued to be stretched as the regulatory uncertainty around GAAR, retrospective taxation and the Mauritius DTAA adversely impacted investor sentiment

However, while there are near term challenges, Private Equity has consolidated its position as an important component and source for risk capital. PE investments have contributed 2.5 times the capital raised in the capital markets during the last three years ending CY2012. Given the scale of opportunities and the quantum of required private investments in India, the role of Private Equity as a source of risk capital is expected to grow over the medium to long term

## (II) Analysis of Performance for the year ended March 2013

### (1) Business Review :

The year saw the end of Investment Period for some of the key Funds managed by the Company. As a result, investments during FY2013 aggregated ₹ 7.7 billion. With completion of the Investment Period, the Fund teams are now focused on asset management, working closely with the investee companies to ensure that they achieve optimum valuation as market conditions improve

The Company also continued to engage with the markets and market participants to work towards value accretive exits for its portfolio companies. Aggregate divestments during FY2013 stood at ₹ 5.4 billion. The successful divestments, undertaken in a challenging environment, exhibit the Company's capability to work across market cycles. In addition, the Company has also built a strong pipeline of potential divestments for FY2014

During the year, the Company commenced marketing of the Middle East Infrastructure Fund. The Fund marketing has generated encouraging response, and the Fund's First Close is expected in the near term. The Company has also taken first steps to replicate the successful pan Asian infrastructure investing platform, which is in joint venture with Standard Chartered Bank. Marketing for the SCI Asia Fund II has commenced, with initial meetings held with Limited Partners of the SCI Asia Fund I. The Company also operationalized an office in Singapore to enhance its footprint and target opportunities across Asia

## (2) Financial Performance :

The Company's financial performance is directly linked to the funds under its management. Fund raising, by its very nature, is episodic and contingent on various extraneous factors. Given the general risk averseness among global investors, the Company's fund raising plans did not fructify as per expectations. This, coupled with continued divestments, has led to a marginal growth in revenues during FY2013. The Company has been able to largely contain costs levels and as a result has been able to deliver 4.2% growth in profits over the previous financial year

On a consolidated basis, the Income from Operations of the Company for the Financial Year 2012-2013 was ₹ 2244.91 mn, inclusive of Income from Investments of ₹ 83.81 mn and Other Income was ₹ 24.36 mn. The Total Income on a consolidated basis for the Financial Year 2012-2013 was ₹ 2269.27 mn. The resultant Profit after Tax on a consolidated basis for the Financial Year 2012-2013 was ₹ 766.29 mn

## (III) Outlook for Financial Year 2013-2014

India's GDP growth during FY2013 is expected at a decadal low of ~5%. In that context, the GDP growth for FY2014, expected at ~6% would appear to be a significant improvement. But not so, if viewed from the prism of the country's growth potential as also the track record established post 2005. Downside risks arising from pace of reforms, inflation, fiscal deficit and global growth persist. The Asian Development Bank, in its Asian Development Outlook 2013, has scaled down its projection for Indian growth from 6.5% to 6.0%. Government of India's projections also predict a return to the 8% growth orbital only in the medium term

Against this uncertain and less than optimal growth backdrop, the Company is also expected to operate in a challenging environment. In such a dynamic business environment, the Company's business model needs to be responsive to evolving trends. In order to deliver sustained value, it is imperative to continuously identify pockets of opportunities, beyond the present business scope. The Company therefore needs to, despite the current daunting challenges, remain steadfastly focused on delivering mandates which encompass its strategic intent of developing into an Afro-Asian wide format PE Manager

This strategic intent would require the Company to splice and mine each of its 3 verticals and raise differentiated funds across strategies and geographies. Towards this, the Company will seek to, at one end of the risk-return spectrum, provide customized solutions and at the other end, would seek to develop structured products comprising mezzanine funds and asset based yield based offerings. However, this process of organization and further brand building will only pan out and deliver results over the next 2-3 years

In the immediate term, the Company would focus on Closing the Fund in the Middle East as also the follow-on SCI Asia Fund II. Given investor traction, these Funds are expected to attain First Close during the first half of FY2014. Other infrastructure focused strategies are also being explored

The Company will also continue to work assiduously on the asset management front. In this regard, the Company will work with promoters and provide them with support and the advice which is necessary to navigate them through these difficult markets and achieve their full potential. Driving value optimization across investee companies will assist the Company in building on its already strong track record and attracting more long term institutional money when the fund raising markets improve

## (IV) Business Segment and Human Resources

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

The management continues to be focused on driving value across the multiple locations it operates and maintaining the same level of efficiency and effectiveness across its multiple jurisdictions that it operates from. The focus is to ensure that best practices are preserved and that investment sourcing, monitoring and exit processes remain efficient. Working towards the attainment of the long term intent outlined above, the Company will also seek to enhance its team's skill sets across geographies and strategies

The Company presently has 56 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 :

- (a) As on March 31, 2013, 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
- (b) None of the Directors hold chairmanship of more than 5 committees or membership in more than 10 committees of public limited companies as stipulated under Clause 49 of the Listing Agreement
- (c) All the Independent Directors of the Company have furnished a declaration that they satisfy the conditions of being independent as stipulated under Clause 49 of the Listing Agreement

### (2) Board Meetings :

- (a) The Board of Directors met four times during the Financial Year ended March 31, 2013 and the gap between two meetings did not exceed four months. The meetings were held during the year on May 3, 2012, July 24, 2012, October 26, 2012 and January 28, 2013
- (b) The category of Directors, their attendance record at the Board Meetings held during the Financial Year ended March 31, 2013 and at the previous Annual General Meeting along with their memberships / chairmanships on the board committees of other companies is as follows :

Name of the Director	Category of Director @	No. of Board Meetings attended	Attendance at the last AGM held on July 24, 2012	No. of Directorships*	Committee Memberships #	Committee Chairmanships #
Mr S M Datta (Chairman)	NEID	4	Yes	13	4	3
Mr Ravi Parthasarathy	NED	4	Yes	11	-	-
Mr Bansi Mehta	NEID	4	Yes	14	5	4
Mr Jitender Balakrishnan	NEID	4	Yes	13	4	1
Mr Siddharth Mehta	NEID	2	Yes	3	2	-
Mr Arun Saha	NED	3	Yes	14	6	3
Mr Ramesh Bawa	NED	4	Yes	14	9	-
Mr Vibhav Kapoor	NED	4	Yes	5	2	-
Mr Shahzaad Dalal (Vice Chairman)	NED	4	Yes	8	4	1
Dr Archana Hingorani	ED	4	Yes	7	1	-

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

\* The other directorships exclude alternate directorships in Public Companies and directorships and alternate 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 and 256 of the Companies Act, 1956, Mr Ravi Parthasarathy, Mr Arun Saha and Mr Vibhav Kapoor shall retire by rotation at the ensuing Annual General Meeting

The Board has recommended the re-appointment of Mr Ravi Parthasarathy, Mr Arun Saha and Mr Vibhav Kapoor 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 2012-13. 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 and approval of payment to statutory auditors for any other services rendered
- (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 the 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, 2013 on May 3, 2012, July 24, 2012, October 26, 2012 and January 28, 2013 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	4

## (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 Whole-time 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, 2013 on May 3, 2012. 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 2012-2013 :

Name of the Director	Salary (₹)	Perquisites (₹)	Total (₹)
Dr Archana Hingorani	26,923,776	213,924	27,137,700

The salary paid to Dr Archana Hingorani is inclusive of her retirement benefits (excluding Gratuity) 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 2012-2013, the Company did not grant any stock options

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

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 2012-2013, 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 2012-2013 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 Bansi 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, 2013 :

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, 2013 :

Name of the Director	No. of Shares
Mr S M Datta	3,037,500
Mr Ravi Parthasarathy	900,000
Mr Bansi Mehta	2,262,500
Mr Vibhav Kapoor	562,500
Mr Shahzaad Dalal	1,833,540

## (E) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

(1) The Shareholders'/Investors' Grievance Committee oversees the following functions :

- Issuance of duplicate certificates and rematerialisation of shares
- Redressing grievances received from the investors
- Allotment of shares upon exercise of options under Employee Stock Option Schemes
- 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 six times during the Financial Year ended March 31, 2013. 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	6
Mr S M Datta	Member	6

(3) Mr Sanjay Mitra, Company Secretary, has been designated as the Compliance Officer

(4) During the Financial Year 2012-13, the Company received 94 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	34	34
Mr Sanjay Mitra	34	34



## (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 24, 2012	4.00 p.m.	Indian Merchants' Chamber, Mumbai	(1) 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  (2) Payment of Commission to Non-Executive Directors of the Company for a period of five years with effect from April 1, 2012
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 remainder of her tenure i.e. upto July 16, 2011

- (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

## Corporate Governance Report

- (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](http://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

<b>Annual General Meeting Day, Date and Time</b>	:	Monday, July 22, 2013 at 12 p.m.
<b>Annual General Meeting Venue</b>	:	The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400 020
<b>Financial Year</b>	:	The Company follows April-March as its Financial Year
<b>Board meeting to be held for approving financial statements for the quarter ending</b>	:	
June 30, 2013		On or before August 15, 2013
September 30, 2013		On or before November 15, 2013
December 31, 2013		On or before February 15, 2014
March 31, 2014		On or before May 15, 2014
<b>Book Closure</b>	:	Wednesday, July 10, 2013 to Monday, July 22, 2013 (both days inclusive)
<b>Dividend Payment</b>	:	The dividend, if declared, by the shareholders at the AGM shall be paid/credited on or after July 22, 2013
<b>Listing on Stock Exchanges</b>	:	The Company has already paid the annual listing fees for the Financial Year 2013-14 to the Stock Exchanges (BSE and NSE) as well as custodial fees to the depositories within the prescribed time
<b>Security Identification Number (ISIN)</b>	:	INE050B01023
<b>Scrip Code/Symbol</b>	:	BSE : 511208, NSE : IVC
<b>Corporate Identification Number (CIN)</b>	:	L65999MH1986PLC147981

## Corporate Governance Report

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 2012	28.00	26.10	6,29,379	28.40	23.45	8,06,589
May 2012	29.45	26.25	4,96,789	29.50	26.25	6,70,823
June 2012	29.50	25.10	3,66,611	32.00	25.80	6,31,688
July 2012	30.00	25.70	6,02,731	29.70	25.60	9,67,728
August 2012	27.20	25.00	3,43,776	27.30	24.95	13,06,116
September 2012	26.50	24.90	6,77,885	26.85	24.80	17,26,391
October 2012	27.90	24.90	9,67,515	27.85	24.95	17,01,356
November 2012	26.20	23.60	5,03,285	25.50	23.45	16,85,811
December 2012	25.00	23.00	17,82,074	24.90	22.70	40,54,193
January 2013	24.60	22.70	16,18,511	24.90	22.75	36,96,498
February 2013	23.80	20.85	7,38,494	23.05	20.80	10,60,520
March 2013	22.50	19.10	5,76,795	22.40	19.05	12,55,428

### 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, 2013 :

Sr. No.	Category	No. of Shares held	%
1.	Promoter	105,055,435	50.29
2.	Mutual Funds/Banks/Financial Institutions	3,143,485	1.50
3.	Foreign Institutional Investors	2,768,115	1.32
4.	Non-Residents Individuals	4,797,426	2.30
5.	Companies	11,523,647	5.52
6.	Resident Individuals	80,078,176	38.33
7.	Others	1,537,626	0.74
	<b>Total</b>	<b>208,903,910</b>	<b>100.00</b>

## Distribution of Shareholding as at March 31, 2013 :

No. of Equity Shares	No. of Shareholders	% of Total	No. of Shares	% of Total
1 – 500	11738	41.52	2,515,227	1.20
501 – 1000	6455	22.84	4,419,501	2.12
1001 – 2000	5997	21.22	8,086,481	3.87
2001 – 3000	1242	4.39	3,107,560	1.49
3001 – 4000	612	2.17	2,167,491	1.04
4001 – 5000	420	1.49	1,981,050	0.95
5001 – 10000	850	3.00	6,144,395	2.94
10001 and above	954	3.37	180,482,205	86.39
<b>Total</b>	<b>28268</b>	<b>100.00</b>	<b>208,903,910</b>	<b>100.00</b>

## Dematerialisation of Shares and Liquidity :

96.37% of the shares have been dematerialized as on March 31, 2013

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

The Securities and Exchange Board of India had 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 had 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

Pursuant to Clause 5A, the details of the unclaimed shares are as follows :

As on 1st April 2012		Shareholders who approached the Registrars and Shares transferred during the year		Balance as on 31st March 2013	
No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
1781	1,755,585	80	89,175	1701	1,666,410

**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@ilfsindia.com](mailto:investor.relations@ilfsindia.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: April 30, 2013

## 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, 2013 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, April 30, 2013

TO THE MEMBERS OF

IL&FS INVESTMENT MANAGERS LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
  - (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 Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No.117366W)

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

Place : Mumbai  
Date : April 30, 2013

## Annexure to Auditors' Report

Re: IL&FS INVESTMENT MANAGERS LIMITED

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/ results during the year, clauses (ii), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xix) and (xx) of the Order 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 Act, according to the information and explanations given to us:
  - (a) The Company has placed inter corporate deposits aggregating Rs. 60,000,000 during the year with one such party. At the year-end, the outstanding balance of such deposit was Rs. 160,000,000 and the maximum amount involved during the year was Rs. 260,000,000.
  - (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 Rs.100,000 remaining outstanding as at March 31, 2013 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 Act and accordingly, clauses (f) and (g) of the paragraph 4(iii) of the Order 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 for the purchase of fixed assets and for 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 Act that needed to be entered in the register maintained under the said section. 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 Act 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 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, 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 in arrears, outstanding as at March 31, 2013 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, 2013 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.	ITAT(A)	Assessment year 2008-09	2,630,825
Income Tax Act 1961	Income tax in demand.	Appeal under process to CIT (A)	Assessment year 2009-10	15,065,222

- (ix) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in Mutual Fund investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
- (x) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long- term investment.
- (xi) 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 Act.
- (xii) 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 material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No.117366W)

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

Place : Mumbai  
Date : April 30, 2013

## Balance Sheet As At 31st March, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>					
Shareholder's Funds					
Share Capital	2	417,827,820		416,570,820	
Reserves and Surplus	3	522,025,681	939,853,501	455,097,802	871,668,622
Non-Current Liabilities					
Long term provisions	4	26,146,905	26,146,905	20,560,389	20,560,389
Current Liabilities					
Trade payables		82,917,994		91,451,563	
Other current liabilities	6	23,046,099		26,948,954	
Short-term provisions	5	411,779,790	517,743,883	414,296,117	532,696,634
<b>Total</b>			<b>1,483,744,289</b>		<b>1,424,925,645</b>
<b>ASSETS</b>					
Non-current assets					
Fixed assets (net)	7				
Tangible assets		6,214,016		9,273,619	
Intangible assets		-		-	
Capital work in progress		842,700		-	
Non-current investments	8	136,659,488		109,558,238	
Deferred tax assets (net)	10	18,338,000		13,699,000	
Long term loans and advances	11	188,550,823		414,469,536	
Other non-current assets	14	41,301,850	391,906,877	53,305,932	600,306,325
Current assets					
Current investments	9	366,829,482		234,758,425	
Trade receivables	16	375,823,991		366,670,399	
Cash and Cash Equivalents	17	65,224,472		82,422,378	
Current Maturities of Long-term loans & advances	12	159,000,000		30,000,000	
Short-term loans and advances	13	83,949,556		90,339,940	
Other current assets	15	41,009,911	1,091,837,412	20,428,178	824,619,320
<b>Total</b>			<b>1,483,744,289</b>		<b>1,424,925,645</b>
The accompanying Notes are an integral part of the Financial Statements	1-33				

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

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 : April 30, 2013

# Statement of Profit and Loss For The Year Ended 31st March, 2013

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Revenue :</b>			
Revenue from Operations	20	906,481,399	852,082,947
Other Operating Income	21	104,322,243	174,103,330
Other Income	22	21,315,277	16,567,609
<b>Total Revenue</b>		<b>1,032,118,919</b>	<b>1,042,753,886</b>
<b>Expenses :</b>			
Employee benefit expense	23	270,374,875	274,799,175
Other Administrative and Operating expenses	24	139,051,214	185,132,610
<b>Total Expenses</b>		<b>409,426,089</b>	<b>459,931,785</b>
Profit before Depreciation and Taxation		622,692,830	582,822,101
Depreciation and amortization expense	7	6,923,857	7,182,249
<b>Profit before tax</b>		<b>615,768,973</b>	<b>575,639,852</b>
<b>Tax expense :</b>			
- Current tax		195,980,000	170,180,000
- Deferred tax	10	(4,639,000)	(4,969,000)
<b>Profit for the year</b>		<b>424,427,973</b>	<b>410,428,852</b>
Earning per equity share: (Equity shares of Face value ₹ 2/- each)			
- Basic		2.04	1.98
- Diluted		2.03	1.97
The accompanying Notes are an integral part of the Financial Statements	1-33		

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

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 : April 30, 2013

## Cash Flow Statement For The Year Ended 31st March, 2013

(Amount in ₹)

			March 31, 2013	March 31, 2012
<b>(A)</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	<b>PROFIT BEFORE TAX</b>		615,768,973	575,639,852
	<b>Adjustments for:</b>			
	Depreciation		6,923,857	7,182,249
	Provision for Doubtful Advances		8,617	162,895
	Unrealised Exchange Gain		(3,039,402)	(46,800)
	Provision for Employee Benefits (Net)		4,891,041	(1,849,718)
	Net Profit on Sale of Investments		(922,226)	(112,395)
	Profit on sale of Own Assets (Net)		(156,898)	(72,945)
			<b>623,473,962</b>	<b>580,903,138</b>
	<b>Adjustments for changes in:</b>			
	Decrease / (Increase) in Trade Receivables		(9,153,592)	9,539,726
	(Increase)/Decrease in Short Term and Long Term Loans and Advances		(8,564,725)	2,835,089
	Decrease/(Increase) in Other Current and Other Non-current Assets		(9,555,461)	(7,397,130)
	(Decrease)/Increase in Trade Payables and Other Current, Other Non-current Liabilities		(16,196,996)	1,160,100
			<b>580,003,188</b>	<b>587,040,923</b>
	Payment of Taxes		(194,434,796)	(184,498,384)
	<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>A</b>	<b>385,568,392</b>	<b>402,542,539</b>
<b>(B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Investment in Subsidiaries		(30,214,321)	(25,918,500)
	Proceeds from sale of Other Non-current Investments		4,006,312	1,475,000
	(Increase)/Decrease in Current Investments (Net)		(132,042,072)	(99,615,527)
	Inter Corporate Deposits/Loans Given		(66,000,000)	(271,900,000)
	Inter Corporate Deposits/Loans Refunded		175,000,000	313,365,753
	Purchase of Fixed Assets		(5,149,190)	(3,398,187)
	Proceeds from Sale of Fixed Assets		599,134	245,064
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>B</b>	<b>(53,800,137)</b>	<b>(85,746,397)</b>
<b>(C)</b>	<b>CASH FROM FINANCING ACTIVITIES</b>			
	Issue of Equity Shares (including securities premium)		10,367,600	39,017,043
	Dividend on Equity Shares		(363,094,333)	(358,475,962)
	Net cash used in financing Activities	<b>C</b>	<b>(352,726,733)</b>	<b>(319,458,919)</b>
<b>(D)</b>	<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>(20,958,478)</b>	<b>(2,662,777)</b>

## Cash Flow Statement For The Year Ended 31st March, 2013

(Amount in ₹)

		March 31, 2013	March 31, 2012
	<b>Reconciliation of Cash and cash equivalent as per Balance Sheet (refer note 17)</b>		
	Cash and Cash Equivalent at the beginning of the year as per Balance Sheet (refer note 17)	65,258,759	66,279,892
	Less Unrealised Foreign Exchange (Gain)/ Loss	-	1,641,644
	<b>Cash and Cash Equivalent at the end of the year (refer note 17)</b>	<b>44,300,281</b>	<b>65,258,759</b>
		(20,958,478)	(2,662,777)
	Reconciliation of Cash and cash equivalents with the Balance Sheet :		
	Cash and cash equivalents as per Balance Sheet (Refer Note 17)	65,224,472	82,422,378
	Less: Bank balances not considered as Cash and cash equivalents( as defined in AS 3 Cash Flow Statements) :		
	Balances with Banks in earmarked accounts- referring to unclaimed dividend accounts. [refer note (ii) below]	(20,924,191)	(17,163,619)
	<b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17 *</b>	<b>44,300,281</b>	<b>65,258,759</b>
	* Comprises		
	(a) Cash on hand	38,426	44,947
	(b) Cheques, drafts on hand	-	-
	(c) Balances with banks		
	(i) In current and fixed deposit accounts	44,261,855	61,189,238
	(ii) In EEFC accounts	-	4,024,574
		<b>44,300,281</b>	<b>65,258,759</b>

### 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 1-33

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

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 : April 30, 2013

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

### 1) Significant Accounting Policies

#### a) Basis for preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India pursuant to the Companies (Accounting Standard) Rules, 2006. All income and expenditure having material bearing on the Financial Statements are recognized 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. Any changes in such estimates are recognized prospectively

#### b) Fixed Assets (Tangible and Intangible) and Depreciation / Amortisation

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)
<b>Tangible Fixed Assets :</b>	
Furniture and Fixtures	5
Data Processing Equipments	3
Office Equipments	4
Vehicles	4
Lease hold improvement	Over the lease period
<b>Intangible Fixed Assets :</b>	
Computer Software	3
Business Know-how, management and advisory contracts	5

All categories of assets costing ₹ 5,000/- or less each and mobile phones, tablet devices and soft furnishing 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 equated over the lease period

#### d) Investments

- Investments are recognized 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 revalued and gains/losses if any, are recognized in the Statement of Profit and Loss

**g) Revenue Recognition**

- i) Income from Investment in Units of Private Equity Funds (PEF) is recognized on the basis of income distributed by the respective PEFs
- ii) Management fee income on PEF under management and advisory fee income are recognized based on contractual arrangements
- iii) Dividend income is recognized 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 PEF are recognized over period of 5 years

**j) Taxation**

Tax Expense comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the year. Current Tax is measured at the amount of tax payable in respect of taxable income for the year in accordance with the Income tax Act, 1961 enacted in India

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

**k) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized 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 recognized nor disclosed in the financial statements



## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

### 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, 2013 (₹)	As at March 31, 2012 (₹)
<b>Authorised Share Capital</b>		
250,000,000 Equity shares of ₹ 2/- each	500,000,000	500,000,000
<b>Issued , Subscribed and Fully Paid up Capital</b>		
208,903,910 Equity shares of ₹ 2/-each (As at March 31, 2012: 208,275,410 Equity shares of ₹ 2/- each)	417,807,820	416,550,820
Add : Forfeited shares	20,000	20,000
	<b>417,827,820</b>	<b>416,570,820</b>

- 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, 2013	As at March 31, 2012
Shares outstanding at the beginning of the year	208,275,410	205,626,255
Add: Allotment made during the year	628,500	2,649,155
Shares outstanding at the end of the year	<b>208,903,910</b>	<b>208,275,410</b>

- c) List of the shareholders holding more than 5% of the share capital as at March 31, 2013

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Infrastructure Leasing & Financial Services Limited, the Holding Company	105,055,435	50.29	105,055,435	50.44

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

As at March 31, 2013, executives and senior employees held fully vested options of 732,500 equity shares of the Company, the range of exercise price for Stock Option outstanding as at March 31, 2013 is ₹ 13.60 to ₹ 19.20 and the weighted average remaining contractual exercise period is 8.2 months. Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights

## Notes Forming part of Financial Statements

### For The Year Ended 31st March, 2013

- 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 (₹)
2012-13	-	-	-
2011-12	-	-	-
2010-11	-	-	-
2009-10	-	-	-
2008-09	2	66,312,035	132,624,070

- f) Proposed Dividend

The Company has proposed dividend for the year ended March 31, 2013, on Equity Shares @ ₹ 1.50 per share aggregating to ₹ 366,610,694/- inclusive of dividend distribution tax of ₹ 53,254,829/-

- 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 2006 are as follows :

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

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

Particulars	ESOP 2006	
	No of Options	Weighted Average Exercise Price* (₹)
Authorised to be Granted	16,875,000	-
Granted and outstanding at the beginning of the year	1,361,000	17.46
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	628,500	16.50
Lapsed during the year	-	-
Granted and outstanding at the end of the year	732,500	18.28
Vested and Exercisable at the end of the year	732,500	18.28

\* 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 based on the Market Price as on the date of the Grant

## Notes Forming part of Financial Statements

### For The Year Ended 31st March, 2013

(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 ₹ 25.14

### 3) Reserves & Surplus

The movement in Reserves and Surplus are as under :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
<b>Securities Premium Reserve</b>		
Balance as per previous Balance Sheet	132,527,654	95,760,141
Add: Received upon issuance of shares	9,110,600	33,718,733
Add: Transferred from Share Option Outstanding Account	-	3,048,780
Balance at the end of the year	<b>141,638,254</b>	<b>132,527,654</b>
<b>Share Option Outstanding Account</b>		
Balance as per previous Balance Sheet	-	3,048,780
Less: Transferred to Securities premium reserve on exercise of options	-	(3,048,780)
Balance at the end of the year	-	-
<b>General Reserve</b>		
Balance as per previous Balance Sheet	212,000,000	170,000,000
Add: Appropriation from Profit and Loss Account	43,000,000	42,000,000
Balance at the end of the year	<b>255,000,000</b>	<b>212,000,000</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per previous Balance Sheet	110,570,148	105,235,629
Add: Profit for the year	424,427,973	410,428,852
Less : Appropriation for Dividend (including Dividend tax)	(366,610,694)	(363,094,333)
Less: Transferred to General Reserve	(43,000,000)	(42,000,000)
Balance at the end of the year	<b>125,387,427</b>	<b>110,570,148</b>
	<b>522,025,681</b>	<b>455,097,802</b>

### 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, 2013 (₹)	As at March 31, 2012 (₹)
Provision for Employee benefits	26,146,905	20,560,389
	<b>26,146,905</b>	<b>20,560,389</b>

## Notes Forming part of Financial Statements

### For The Year Ended 31st March, 2013

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

(i) Defined-Contribution Plans

The Company has recognised ₹ 10,332,554/- (Previous year ₹ 9,743,798/-) 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 ₹ 12,589,113/- (Previous year ₹ 12,008,113/-) 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, 2013	For the year ended March 31, 2012
	Discount Rate	8.25%	8.50%
	Rate of Return on Plan Assets	8.70%	8.60%
	Salary Escalation	6.50%	6.50%
	Mortality Table	Indian Assured Lives mortality (2006-2008) ultimate	LIC(1994-96)
II.	Table Showing Change in Benefit Obligation:	March 31, 2013 (₹)	March 31, 2012 (₹)
	Liability at the beginning of the year	64,355,012	47,233,591
	Interest Cost	5,141,164	3,896,771
	Current Service Cost	5,302,713	9,173,447
	Liability Transfer In	-	-
	Liability Transfer Out	-	(3,813,462)
	Benefit Paid	(4,270,962)	(892,500)
	Actuarial (gain)/loss on obligations	(141,192)	8,757,165
	Liability at the end of the year	70,386,735	64,355,012
III.	Tables of Fair value of Plan Assets :	March 31, 2013 (₹)	March 31, 2012 (₹)
	Fair Value of Plan Assets at the beginning of the year	68,471,354	39,070,428
	Expected Return on Plan Assets	5,888,536	2,870,283
	Contributions	8,928,698	30,101,902
	Transfer from other Company	-	-
	Transfer to other Company	-	(3,813,462)
	Benefit Paid	(4,270,962)	(892,500)
	Actuarial gain/(loss) on Plan Assets	145,016	1,134,703
	Fair Value of Plan Assets at the end of the year	79,162,642	68,471,354
	Total Actuarial Gain/ (Loss) to be recognized	286,208	(7,622,462)
IV.	Actual Return on Plan Assets :	March 31, 2013 (₹)	March 31, 2012 (₹)
	Expected Return on Plan Assets	5,888,536	2,870,283
	Actuarial gain/(loss) on Plan Assets	145,016	1,134,703
	Actual Return on Plan Assets	6,033,552	4,004,986

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

		March 31, 2013 (₹)	March 31, 2012 (₹)	March 31, 2011 (₹)	March 31, 2010 (₹)	March 31, 2009 (₹)
<b>V.</b>	<b>Amount Recognised in the Balance Sheet:</b>					
	Liability at the end of the year	70,386,735	64,355,012	47,233,591	34,870,344	30,572,656
	Fair Value of Plan Assets at the end of the year	79,162,642	68,471,354	39,070,428	33,276,043	27,763,511
	Difference	8,775,907	4,116,342	(8,163,163)	(1,594,301)	(2,809,145)
	Unrecognised Past Service Cost	-	-	-	-	-
	Amount Recognised in the Balance Sheet	8,775,907	4,116,342	(8,163,163)	(1,594,301)	(2,809,145)
<b>VI.</b>	<b>Expenses Recognised in the Statement of Profit and Loss:</b>	<b>For the year ended March 31, 2013 (₹)</b>		<b>For the year ended March 31, 2012 (₹)</b>		
	Current Service Cost	5,302,713		9,173,447		
	Interest Cost	5,141,164		3,896,771		
	Expected Return on Plan Assets	(5,888,536)		(2,870,283)		
	Net Actuarial (Gain)/ Loss To Be Recognised	(286,208)		7,622,462		
	Expense Recognised in Statement of Profit & Loss	4,269,133		17,822,397		
<b>VII.</b>	<b>Balance Sheet Reconciliation :</b>	<b>March 31, 2013 (₹)</b>		<b>March 31, 2012 (₹)</b>		
	Opening Net Liability / (Asset)	(4,116,342)		8,163,163		
	Expense as above	4,269,133		17,822,397		
	Transfer from other Company	-		-		
	Employers Contribution	(8,928,698)		(30,101,902)		
	Amount Recognised in Balance Sheet	(8,775,907)		(4,116,342)		
<b>VIII.</b>	<b>Description of Plan Assets</b>					
	Insurer Managed Funds	100%		100%		
<b>IX.</b>	<b>Experience Adjustments :</b>					
	Experience adjustments on plan liabilities gain/(loss)	2,079,803		12,962,572		
	Experience adjustments on plan assets gain/(loss)	145,016		1,134,703		

### 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, 2013

### 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, 2013 (₹)	March 31, 2012 (₹)
Provision for Employee Benefits	10,187,913	10,883,388
Provision for Tax	34,172,551	35,492,552
Provision for Dividend	313,355,865	312,413,115
Provision for Dividend Tax	53,254,829	50,681,218
Provision for revaluation on derivative contracts	808,632	4,825,844
	<b>411,779,790</b>	<b>414,296,117</b>

- b) Movement of Provision for revaluation on Derivatives Contracts:

Particulars	March 31, 2013 (₹)	March 31, 2012 (₹)
Opening Balance	4,825,844	-
Add: Provision made during the year	808,632	4,825,844
Less : Provision reversed during the year	(4,825,844)	
<b>Closing Balance</b>	<b>808,632</b>	<b>4,825,844</b>

### 6) Other Current Liabilities :

- a) Other Current Liabilities consists of :

Particulars	March 31, 2013 (₹)	March 31, 2012 (₹)
Unclaimed Dividend	20,924,191	17,163,619
Statutory Liabilities	1,242,238	8,954,092
Other Payables	879,670	831,243
	<b>23,046,099</b>	<b>26,948,954</b>

- b) Other Payables pertains to amount payable for employees Provident Fund and Professional Tax
- c) Unclaimed dividend of ₹ 20,924,191/- relates to the period from FY 2005-2006 to FY 2011-2012. During the year ended March 31, 2013 an amount of ₹ 859,368/- (Previous year: ₹ 672,887/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2005

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

### 7) Fixed Assets :

#### a) Tangible and Intangible Assets

Amount (₹)

Description of Assets	GROSS BLOCK (at Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.04.2012	Additions/ Adjustments	Deductions/ Adjustments	As on 31.03.2013	Up to 31.03.2012	For the Year	Deductions/ Adjustments	Up to 31.03.2013	As on 31.03.2013	As on 31.03.2012
<b>Tangible Assets :</b>										
Furniture and Fixtures	9,236,708	1,311,794	(931,788)	9,616,714	5,096,276	1,570,764	(814,763)	5,852,277	3,764,437	4,140,432
Vehicles	1,021,978	429,404	(515,051)	936,331	349,718	244,818	(245,531)	349,005	587,326	672,260
Office Equipments	2,289,621	1,139,146	(509,390)	2,919,377	1,976,893	1,281,775	(478,184)	2,780,484	138,893	312,728
Data Processing Equipments	6,262,771	1,426,146	(1,632,798)	6,056,119	4,466,874	1,527,103	(1,608,313)	4,385,664	1,670,455	1,795,897
Lease Improvements	7,952,435	-	-	7,952,435	5,600,133	2,299,397	-	7,899,530	52,905	2,352,302
<b>Total (A)</b>	<b>26,763,513</b>	<b>4,306,490</b>	<b>(3,589,027)</b>	<b>27,480,976</b>	<b>17,489,894</b>	<b>6,923,857</b>	<b>(3,146,791)</b>	<b>21,266,960</b>	<b>6,214,016</b>	<b>9,273,619</b>
Previous year	26,926,144	3,398,187	(3,560,818)	26,763,513	14,537,039	6,341,554	(3,388,699)	17,489,894		
<b>Intangible Assets :</b>										
Computer Software	5,134,186	-	-	5,134,186	5,134,186	-	-	5,134,186	-	-
Business Know-how, Management and Advisory Contracts	113,099,511	-	-	113,099,511	113,099,511	-	-	113,099,511	-	-
<b>Total (B)</b>	<b>118,233,697</b>	<b>-</b>	<b>-</b>	<b>118,233,697</b>	<b>118,233,697</b>	<b>-</b>	<b>-</b>	<b>118,233,697</b>	<b>-</b>	<b>-</b>
Previous year	118,233,697	-	-	118,233,697	117,393,002	840,695	-	118,233,697	-	-
<b>Total (A+B)</b>	<b>144,997,210</b>	<b>4,306,490</b>	<b>(3,589,027)</b>	<b>145,714,673</b>	<b>135,723,591</b>	<b>6,923,857</b>	<b>(3,146,791)</b>	<b>139,500,657</b>	<b>6,214,016</b>	<b>9,273,619</b>
Previous year	145,159,841	3,398,187	(3,560,818)	144,997,210	131,930,041	7,182,249	(3,388,699)	135,723,591		



## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

b) Capital Work in Progress :

Particulars	March 31, 2013 (₹)	March 31, 2012 (₹)
Software Upgradation	842,700	-
	<b>842,700</b>	<b>-</b>

### 8) Non Current Investments

Non Current investment consists of :

	Particulars	Face Value (₹)	Quantity	Cost As at March 31, 2013 (₹)	Quantity	Cost As at March 31, 2012 (₹)
<b>A</b>	<b>Trade Investments</b>					
<b>I</b>	<b>Investment in Equity Instruments (Unquoted)(Fully Paid-up)</b>					
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	57,000	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	215,948	8,400,000
	IIML Advisors LLC	USD 1	1	45	1	45
	IIML Fund Managers (Singapore) Pte Limited	USD 10	65,000	35,132,823	25,000	13,067,500
				<b>119,270,545</b>		<b>97,205,222</b>
ii)	Investment in Joint Venture (Fully Paid-up)					
	IL&FS Milestone Realty Advisors Private Limited	10	400,000	800,000	400,000	800,000
	Standard Chartered IL&FS Management (Singapore) Pte Limited	USD 1	50,000	2,218,500	50,000	2,218,500
				<b>3,018,500</b>		<b>3,018,500</b>
iii)	Investment in Others					
	Avantika Gas Ltd	10	8,250	<b>82,500</b>	8,250	<b>82,500</b>
	<b>Total Investment in Equity Instruments</b>			<b>122,371,545</b>		<b>100,306,222</b>
<b>II</b>	<b>Investment in Unquoted Redeemable Participating Shares (Fully Paid-up)</b>					
	- 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	24,999,900	12,599,953	9,999,900	4,450,955
	<b>Total Investment in Participating shares</b>			<b>12,644,963</b>		<b>4,495,965</b>

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

	Particulars	Face Value (₹)	Quantity	Cost As at March 31, 2013 (₹)	Quantity	Cost As at March 31, 2012 (₹)
III	Investment in Units of Venture Fund (Unquoted)(Fully Paid-up)					
	South Asian Regional Apex Fund	5,000	64	292,980	738	3,406,051
	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
	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
	<b>Total Investment in Units of Venture Fund</b>			<b>1,642,980</b>		<b>4,756,051</b>
IV	Investment in Limited Liability Partnership (Unquoted)					
	AMCF India Participations, L.P. *			-		20,266,516
	The Company has 100% Share in the Limited Partners Capital, where Asia Mezzanine Capital Partners LP have 100% voting rights.					
	<b>Total</b>			<b>-</b>		<b>20,266,516</b>
	<b>Total Investments (I+II+III+IV)</b>			<b>136,659,488</b>		<b>129,824,754</b>
	Less: Provision for share in loss in Limited Liability Partnership *			-		(20,266,516)
	<b>Grand total</b>			<b>136,659,488</b>		<b>109,558,238</b>

\* In the current year the provision has been adjusted against the investment as the General Partner has commenced proceedings for liquidation of the Partnership

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

### 9) Current Investments :

The details of Current Investments are provided below :

Particulars	As at March 31, 2013			As at March 31, 2012		
Non Trade – Unquoted (at cost)						
Investment in Mutual Funds	Units	Face Value (₹)	Amount (₹)	Units	Face Value (₹)	Amount (₹)
ICICI Prudential Flexible Income Plan - Daily Dividend	196,395	100	20,765,850	190,293	10	20,120,645
Baroda Pioneer Treasury Advantage Fund - Institutional Daily Dividend Plan	29,995	1,000	30,025,047	58,458	10	58,512,104
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvestment	2,506,728	10	25,112,152	1,015,424	10	10,172,420
Birla Sunlife Cash plus - IP - Daily Dividend –Reinvestment	-	-	-	300,791	100	30,137,789
Templeton India Ultra Short Term Bond -Super IP	4,003,275	10	40,104,810	5,013,008	10	50,529,035
TATA Treasury Manager Fund	-	-	-	14,902	10	15,056,031
Reliance Liquid Fund Treasury Fund - Treasury Plan - IP - Daily Dividend Reinvestment	14,393	1,000	22,002,574	3,285,738	10	50,230,401
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	29,959	1,000	30,000,000	-	-	-
Birla Sunlife Ultra Short Term Fund - Daily Dividend –Reinvestment	10,182	100	1,018,790	-	-	-
Birla Sun Life Saving Fund - Daily Dividend- Regular Plan – Reinvestment	483,492	100	48,395,006	-	-	-
Reliance Medium Term Fund - Daily Dividend Plan	1,614,094	10	27,594,395	-	-	-
Kotak Flexi Debt Scheme Institutional- Daily Dividend-Reinvestment	2,221,686	10	22,322,395	-	-	-
Kotak Floater Long Term - Daily Dividend	2,288,456	10	23,067,181	-	-	-
Sundaram Flexi fund Short Term -Institutional Daily Dividend	434,503	10	4,361,107	-	-	-
Taurus Ultra short term bond	41,981	1,000	42,060,175	-	-	-
JPMorgan India Treasury Fund - Super Institutional Daily Dividend Reinvestment	2,997,332	10	30,000,000	-	-	-
			366,829,482			234,758,425

## Notes Forming part of Financial Statements

### For The Year Ended 31st March, 2013

#### 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, 2013 the timing difference has resulted in a net deferred tax asset of ₹ 4,639,000/-
- The deferred tax asset recognised in the accounts as of March 31, 2013 are as follows:

Nature of Timing Differences	March 31, 2012 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	March 31, 2013 Asset/(Liability) (₹)
Net Depreciation	5,918,000	739,000	6,657,000
Retirement Benefits	10,108,000	2,140,000	12,248,000
Placement Fees	(2,327,000)	1,760,000	(567,000)
<b>Total</b>	<b>13,699,000</b>	<b>4,639,000</b>	<b>18,338,000</b>
Previous year	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	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
<b>Secured , considered good :</b>		
Staff Loan	476,294	330,963
<b>Unsecured , considered good :</b>		
Loans and advances given to Related Parties	135,575,000	363,575,000
Advance Tax (net of provision)	42,247,000	39,381,795
Security Deposits	45,000	86,000
Prepaid Expenses	10,207,529	11,095,778
	<b>188,550,823</b>	<b>414,469,536</b>

#### 12) Current Portion of Long-term Loans and Advances :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
<b>Unsecured Considered Good :</b>		
Loans and Advances given to Related Parties	110,000,000	-
Other Loans and Advances	49,000,000	30,000,000
	<b>159,000,000</b>	<b>30,000,000</b>

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

### 13) 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, 2013 (₹)	As at March 31, 2012 (₹)
<b>Secured, considered good :</b>		
Staff Loan	290,915	201,313
<b>Unsecured, considered good :</b>		
Loans and advances given to Related Parties	50,000,000	60,000,000
Prepaid Expenses	13,535,797	20,738,218
Sundry Deposit	-	600,000
Service Tax Input Credit Available	3,439,036	1,493,982
Advances Recoverable in cash or in kind or for value to be received	16,683,808	7,306,427
	<b>83,949,556</b>	<b>90,339,940</b>

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

### 14) Other Non Current Assets :

Other Non Current Assets consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Unamortised Placement Fees	-	1,667,853
Interest accrued	41,301,850	51,638,079
	<b>41,301,850</b>	<b>53,305,932</b>

### 15) Other Current Assets :

Other Current Assets consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Interest accrued	37,088,868	11,692,083
Unamortised - Forward Cover Premium	2,253,190	3,231,000
Unamortised Placement Fees	1,667,853	5,505,095
	<b>41,009,911</b>	<b>20,428,178</b>

### 16) Trade Receivables :

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

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
<b>Unsecured, considered good :</b> (outstanding for more than 6 months from the date they are due for payment)	33,952,987	33,952,987
<b>Unsecured, considered good :</b> (outstanding for less than 6 months from the date they are due for payment)	341,871,004	332,717,412
	<b>375,823,991</b>	<b>366,670,399</b>

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

### 17) Cash and Cash Equivalents :

Cash and Cash Equivalents consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
a) Cash on hand	38,426	44,947
b) Cheques on Hand	-	-
c) Balance with Banks		
i) in Current Accounts	14,261,855	30,189,238
ii) in EEFC Accounts	-	4,024,574
iii) in Fixed Deposit Accounts	30,000,000	31,000,000
iv) in earmarked Accounts		
- in Current Accounts referring to unclaimed dividend accounts	20,924,191	17,163,619
	<b>65,224,472</b>	<b>82,422,378</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 account, EEFC accounts and in Fixed Deposits amounting to ₹ 44,300,281/- (Previous year ₹ 65,258,759/-)

### 18) Outstanding Commitments on Capital Account :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Estimated amount of contracts remaining to be executed on capital account not provided for [net of advance paid]	842,700	-

### 19) Contingent Liabilities :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Claims not acknowledged as debts:		
Income tax demand contested by the Company	33,404,542	14,176,014

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

### 20) Revenue from Operations :

Revenue from Operations comprises of :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Fees from Fund Management and Advisory Services	906,481,399	852,082,947
<b>Total</b>	<b>906,481,399</b>	<b>852,082,947</b>



## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

### 21) Other Operating Income :

a) Other Operating Income comprises of :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Dividend Income :		
From Subsidiaries	40,548,375	112,187,175
From Current non-trade Investments	16,662,693	20,318,059
<b>Total (a)</b>	<b>57,211,068</b>	<b>132,505,234</b>
Net gain/loss on sale of investments :		
Profit on sale of Long-term trade Investments	893,241	112,395
Profit on sale of current non-trade Investments	28,985	-
<b>Total (b)</b>	<b>922,226</b>	<b>112,395</b>
Interest Income on		
- On Fixed Deposits with Banks	1,515,997	1,400,463
- On Other Deposits / Loans	44,672,952	40,085,238
<b>Total (c)</b>	<b>46,188,949</b>	<b>41,485,701</b>
<b>Total (a+b+c)</b>	<b>104,322,243</b>	<b>174,103,330</b>

b) Interest Income includes tax deducted at source of ₹ 4,616,094/- (Previous year ₹ 4,148,775/-)

### 22) Other Income :

a) Other Income comprises of :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Profit on sale of Fixed Assets	156,898	72,945
Miscellaneous Income	10,522,002	5,376,208
Foreign Exchange Gain	5,060,945	-
Income from sale of Duty Free Licenses	5,575,432	11,118,456
<b>Total</b>	<b>21,315,277</b>	<b>16,567,609</b>

b) Miscellaneous Income includes ₹ 9,449,000/- (Previous year ₹ 5,361,200/- ) being the reversal of excess provision for Performance Pay

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

## Notes Forming part of Financial Statements

### For The Year Ended 31st March, 2013

#### 23) Employee Benefit Expense :

Employee Benefit Expense include :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Salaries and Allowances	240,175,528	232,059,072
Contribution to Provident Fund and Other Funds	28,161,329	40,496,064
Staff Training and Welfare Expenses	2,038,018	2,244,039
	<b>270,374,875</b>	<b>274,799,175</b>

#### 24) Other Administrative and Operating Expenses :

a) Other Administrative and Operating Expenses consists of :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Rent	36,845,214	36,928,196
Repairs and Maintenance	3,272,586	3,236,197
Insurance	2,895,176	3,656,516
Rates and Taxes	1,417,741	1,001,684
Legal and Professional Expenses	31,681,588	48,144,520
Electricity and Water Charges	778,619	1,340,164
Travelling and Conveyance	15,858,345	25,051,902
Debts/Advances Written Off	8,617	162,895
Brand Subscription Fees	13,034,424	11,867,936
Foreign Exchange Loss (net)	-	17,854,936
Miscellaneous Expenses	33,258,904	35,887,664
<b>Total</b>	<b>139,051,214</b>	<b>185,132,610</b>

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

b) Amounts paid/payable to the Auditors :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
As Auditors	2,200,000	1,850,000
For audit of consolidated accounts	500,000	500,000
For Tax Audit	300,000	300,000
In any other capacity		
For taxation matters	450,000	350,000
For other services, certification etc	375,000	650,000
Out of Pocket Expenses	2,050	5,100
The above fees are exclusive of service tax		

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

c) Earnings in Foreign Currency (on accrual basis)

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Fees from Fund Management and Advisory Services	690,536,246	631,360,151
Dividend Income	40,548,375	112,187,175

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

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Legal and Professional fees	131,743	834,171
Travelling Expenses	2,099,480	3,969,697
Conference and Seminar	1,028,316	4,557,629
Books and Periodicals	370,536	339,370
Subscription to Clubs and association	520,960	1,431,085
Training	32,076	-

25) 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, 2013 (₹)	March 31, 2012 (₹)
Not later than one year	26,605,363	26,315,048
Later than one year but not later than 5 years	53,060,117	7,605,253
Particulars	March 31, 2013 (₹)	March 31, 2012 (₹)
Amount charged to the Profit and Loss Statement	36,425,214	26,798,036

26) 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

27) Derivatives and foreign currency Exposures :

a) The Company has following forward exchange contracts outstanding :

Particulars	As at March 31, 2013	As at March 31, 2012
No of Contracts	1	3
Notional amount (Sell)	\$3,140,334	\$5,000,000
Notional amount (Buy)	₹ 173,338,586	₹ 256,677,500

## Notes Forming part of Financial Statements

### For The Year Ended 31st March, 2013

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, 2013	As at March 31, 2012
Receivables	\$ 3,154,881	\$ 1,310,668
Amount in ₹	171,591,762	67,049,188
EEFC Account Balance	-	\$ 78,672
Amount in ₹	-	4,024,574

### 28) Earnings 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, 2013	March 31, 2012
Profit After Tax (₹)	424,427,973	410,428,852
Weighted Average Number of Equity Shares in calculating Basic EPS	208,533,267	206,808,126
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)	274,398	1,136,352
Weighted Average Number of Equity Shares in calculating Diluted EPS	208,807,665	207,944,478
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	2.04	1.98
(iii) Diluted Earnings per share (₹)	2.03	1.97

- 29) 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

### 30) 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, 2013	March 31, 2012
1	Infrastructure Leasing & Financial Services Limited	√	√
Sr No	Subsidiaries	March 31, 2013	March 31, 2012
1	IL&FS Urban Infrastructure Managers Limited	√	√
2	IL&FS Asian Infrastructure Managers Limited	√	√
3	IL&FS Investment Advisors LLC	√	√
4	IIML Asset Advisors Limited	√	√
5	IIML Advisors LLC (incorporated on June 10, 2011)	√	√
6	IIML Fund Managers (Singapore) Pte Ltd (incorporated on December 13, 2011)	√	√
	Fellow Subsidiaries*	March 31, 2013	March 31, 2012
1	IL&FS Financial Services Limited	√	√
2	IL&FS Securities Services Limited	√	√

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

3	IFIN Realty Trust	√	√
4	IL&FS IIDC Fund	√	√
5	IL&FS Infrastructure Equity Fund – I	√	√
6	IL&FS Trust Company Limited	√	√
7	Rapid Metro Gurgaon Limited	√	√
8	IL&FS Energy Development Company Limited	√	√
<b>Sr No</b>	<b>Joint Venture Companies</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
1	IL&FS Milestone Realty Advisors Private Limited	√	√
2	Standard Chartered IL&FS Management (Singapore) Pte Limited	√	√

\* As certified by the 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

<b>Name of the Entity</b>	<b>Nature of Transaction/ Account Balance</b>	<b>Amount of Transaction (₹)</b>	<b>Outstanding Balance As on March 31, 2013 (₹)</b>
Infrastructure Leasing & Financial Services Limited	Rent	32,373,683 (32,292,398)	
	Repairs and Maintenance Expenses - Others	525,960 (455,832)	
	Electricity Charges	322,000 (890,000)	
	Brand Subscription fees	13,034,424 (11,867,936)	
	Interest income on Term Deposits	25,428,491 (22,119,363)	
	Trade Payables		378,277 (2,402,391)
	Short term Loans and Advances -Inter Corporate Deposits		50,000,000 (60,000,000)
	Current Maturities of Long-term Loans and Advances		110,000,000 (Nil)
	Long Term Loans and Advances – Inter Corporate Deposits		Nil (200,000,000)
	Other Current Assets – Interest accrued		18,021,021 (1,635,103)
	Other Non Current Assets – Interest Accrued		Nil (13,041,372 )
	Term Deposits placed	60,000,000 (260,000,000)	
	Repayment of Term Deposits	160,000,000 (210,000,000)	
	Transfer of Assets	Nil (9,333)	

(Figures in brackets represent figures of previous year)

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

ii) Transactions with subsidiaries

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2013 (₹)
IL&FS Asian Infrastructure Managers Limited	Fund Management and Advisory Fees	13,510,000 (7,425,000)	
	Short Term Advances – Other advances recoverable in cash or kind		375,935 (420,943)
IL&FS Investment Advisors LLC	Fund Management and Advisory Fees	685,134,834 (621,999,046)	
	Trade Receivables		341,601,136 (321,296,992)
	Short Term Advances – Other advances recoverable in cash or kind		791,193 (Nil)
IL&FS Urban Infrastructure Managers Limited	Short Term Advances – Other advances recoverable in cash or kind		500 (500)
IIML Asset Advisors Limited	Short Term Advances – Other advances recoverable in cash or kind		2,771 (11,669)

(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, 2013 (₹)
IL&FS Financial Services Limited	Trade Payables		1,335 (Nil)
IL&FS Securities Services Limited	Custody Charges	17,027 (39,054)	
	Legal and Professional Fees	80,000 (120,000)	
	Trade Payables		Nil (21,868)
IFIN Realty Trust	Fund Management and Advisory Fees	15,589,848 (16,385,172)	
	Trade Payables		Nil (13,044)
	Trade Receivables		269,867 (Nil)
	Short Term Advances – Other advances recoverable in cash or kind		2,000,000 (Nil)
IL&FS IIDC Fund	Fund Management and Advisory Fees	1,000,000 (1,000,000)	



## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2013 (₹)
IL&FS Infrastructure Equity Fund – I	Fund Management and Advisory Fees	44,568,377 (45,061,378)	
IL&FS Trust Company Limited	General Office Expenses	29,084 (10,980)	
	Trade Payables		21,403 (11,869)
Rapid Metro Gurgaon Limited	Income from sale of Duty Free Licenses	5,575,432 (11,118,456)	Nil (9,885,725)
IL&FS Energy Development Company Ltd	Short Term Advances – Other advances recoverable in cash or kind		86,536 (Nil)

(Figures in brackets represent figures of previous year)

c) Transactions with Key Management Personnel

**Key Management Personnel :**

Dr Archana Hingorani

CEO & Executive Director

For the year ended	March 31, 2013 (₹)	March 31, 2012 (₹)
Remuneration	27,137,700	26,240,982

d) Transaction with IVC Employee Welfare Trust

Nature of Transaction	March 31, 2013 (₹)	March 31, 2012 (₹)
Interest Income	19,216,446	17,935,631
Repayment of Loan	15,000,000	-
Payment of Interest	5,495,579	-
Disbursement of Loan	6,000,000	11,900,000
<b>Balance Loan Recoverable</b>		
<b>Loan Amount</b>		
Short Term	49,000,000	30,000,000
Long Term	135,575,000	163,575,000
<b>Interest accrued</b>		
Current	18,732,641	9,638,566
Non Current	41,301,850	38,596,707

## Notes Forming part of Financial Statements

For The Year Ended 31st March, 2013

### 31) Joint Venture Disclosure :

The Company has the following Joint Ventures as on March 31, 2013 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(Audited)	40%	82,323,467 (78,283,685)	6,724,634 (23,801,192)	77,977,680 (76,951,070)	56,861,340 (58,581,225)
Standard Chartered IL&FS Management (Singapore) Pte Limited (Management Accounts)	50%	212,555,533 (235,973,885)	92,886,699 (129,672,187)	184,555,045 (197,512,688)	129,065,901 (156,666,068)

(Figures in brackets represent figures of previous year)

### 32) 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"

### 33) Figures for previous year have been regrouped and rearranged wherever considered necessary to conform with those of the current year

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 : April 30, 2013

# 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 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-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13	31-Mar-13
1.	Reporting Currency	USD	USD	USD	INR	INR	INR
2.	Exchange Rate	54.3893	54.3893	54.3893	1.00	1.00	1.00
3.	Capital	3,154,579	13,597,325	35,353,045	45,918,370	10,000,000	44,071,000
4.	Reserves	1,623,467,303	(7,560,330)	(32,802,785)	19,198,714	97,265,772	128,634,179
5.	Total Assets	2,481,416,631	9,969,559	10,715,671	66,520,914	142,962,820	189,579,943
6.	Total Liabilities	854,794,748	3,932,564	8,165,411	1,403,830	35,697,048	16,874,764
7.	Investment Other than Investment in Subsidiary	-	-	-	38,464,013	-	110,966,813
8.	Turnover	1,842,614,085	-	4,079,198	19,599,910	146,394,523	111,378,627
9.	Profit before Taxation	345,797,488	(1,635,867)	(29,578,533)	745,176	64,927,904	34,757,178
10.	Provision for Taxation	11,736,939	-	-	-	21,077,632	9,382,000
11.	Profit after Taxation	334,060,549	(1,635,867)	(29,578,533)	745,176	43,850,272	25,375,178
12.	Proposed Dividend	-	-	-	-	10,000,000	-
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 : April 30, 2013

## Consolidated Financial Statements

# Auditors' Report on Consolidated Financial Statements

## TO THE BOARD OF DIRECTORS OF IL&FS INVESTMENT MANAGERS LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IL&FS INVESTMENT MANAGERS LIMITED (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries and jointly controlled entity referred to below in the Other Matters paragraphs, the aforesaid 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, 2013;
- (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.

### Other Matters

We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets (net) of Rs. 2,374,317,706 as at March 31, 2013, total revenues of Rs. 1,539,868,120 and net cash outflows amounting to Rs. 140,694,979 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 by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

We also did not audit the financial statements of a jointly controlled entity (JCE), whose financial statements reflect the Company's proportionate share of total assets (net) of Rs. 220,261,790 as at December 31, 2012, total revenues of Rs. 218,120,432 and net cash inflows amounting to Rs. 22,509,501 for the year ended on that date. These financial statements have been audited by another auditor whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity is based solely on the report of the other auditor. Further, the Management of the Company has made adjustments to these financial statements to arrive at the proportionate share of assets, income and cash flows as at and for the year ended March 31, 2013 and, in their assessment, there should be no material impact on the consolidated financial statements arising from such adjustments since the size of this JCE, in the context of the Group, is not material.

Our report is not qualified in respect of these matters.

**For Deloitte Haskins & Sells**

Chartered Accountants  
(Registration No. 117366W)

Kalpesh J. Mehta  
Partner  
(Membership No. 48791)

Place : Mumbai  
Date : April 30, 2013

# Consolidated Balance Sheet As At 31st March, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
Share Capital	2	417,827,820		416,570,820	
Reserves and Surplus	3	2,417,595,109	2,835,422,929	1,917,059,128	2,333,629,948
Minority Interest			31,907,371		31,542,266
<b>Non-Current Liabilities</b>					
Long-term borrowings	4	-		255,782,500	
Deferred tax liabilities (Net)	13	14,663,759		16,430,677	
Other Long-term liabilities	6	898,672		2,364,176	
Long term provisions	8	49,421,216	64,983,647	38,105,470	312,682,823
<b>Current Liabilities</b>					
Current maturities of Long-term Borrowings	5	271,946,500		358,095,500	
Trade payables		255,003,216		234,540,845	
Other current liabilities	7	111,283,897		185,673,123	
Short term provisions	9	429,430,783	1,067,664,396	498,717,848	1,277,027,316
<b>Total</b>			<b>3,999,978,343</b>		<b>3,954,882,353</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets (net)	10				
Tangible assets		29,093,234		35,003,933	
Intangible assets		1,511,267,875		1,614,698,495	
Capital work-in-progress		842,700		-	
Non Current Investments	11	105,266,191		76,907,115	
Deferred tax assets (net)	13	22,005,117		17,425,748	
Long term Loans and Advances	14	210,399,815		440,259,713	
Other Non Current Assets	17	127,884,731	2,006,759,663	160,263,001	2,344,558,005
<b>Current assets</b>					
Current Investments	12	516,160,308		395,040,819	
Trade receivables	19	731,857,873		412,639,263	
Cash and cash equivalents	20	416,642,432		603,507,657	
Current portion of Long term Loans and Advances	15	159,000,000		30,000,000	
Short term Loans and Advances	16	124,528,478		128,701,061	
Other Current Assets	18	45,029,589	1,993,218,680	40,435,548	1,610,324,348
<b>Total</b>			<b>3,999,978,343</b>		<b>3,954,882,353</b>

The accompanying Notes are an integral part of the Financial Statements 1-35

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

For and on behalf of the Board

**S M Datta**  
Chairman

**Archana Hingorani**  
Chief Executive Officer &  
Executive Director

Place : Mumbai  
Date : April 30, 2013

**Manoj Borkar**  
Chief Financial Officer

**Sanjay Mitra**  
Company Secretary

# Consolidated Statement of Profit and Loss For The Year Ended 31st March, 2013

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Revenue :</b>			
Revenue from operations	22	2,161,097,572	2,125,875,618
Other Operating Income	23	83,811,229	79,808,599
Other Income	24	24,363,395	41,330,489
		<b>2,269,272,196</b>	<b>2,247,014,706</b>
<b>Expenses:</b>			
Employee benefit expenses	25	549,465,476	529,502,286
Other Administrative and Operating expenses	26	448,201,597	492,605,990
		<b>997,667,073</b>	<b>1,022,108,276</b>
Profit before Depreciation, Finance Cost and Taxation		<b>1,271,605,123</b>	<b>1,224,906,430</b>
Finance cost	27	27,053,241	38,824,722
Depreciation and amortisation expenses	10	233,163,266	232,939,785
<b>Profit before Tax</b>		<b>1,011,388,616</b>	<b>953,141,923</b>
Tax expense:			
- Current tax		251,977,822	223,887,627
- Deferred tax		(7,248,040)	(8,847,358)
<b>Profit for the year</b>		<b>766,658,834</b>	<b>738,101,654</b>
Less: Minority Interest		(365,105)	(2,775,430)
<b>Group Profit for the year</b>		<b>766,293,729</b>	<b>735,326,224</b>
Earning per equity share: (Equity shares of Face value ₹ 2/- each)	31		
- Basic		3.67	3.56
- Diluted		3.67	3.54
The accompanying Notes are an integral part of the Financial Statements	1-35		

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

For and on behalf of the Board

**S M Datta**  
Chairman

**Archana Hingorani**  
Chief Executive Officer &  
Executive Director

Place : Mumbai  
Date : April 30, 2013

**Manoj Borkar**  
Chief Financial Officer

**Sanjay Mitra**  
Company Secretary



## Consolidated Cash Flow Statement For The Year Ended 31st March, 2013

(Amount in ₹)

			March 31, 2013	March 31, 2012
<b>(A)</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	<b>PROFIT BEFORE TAX</b>		1,011,388,616	953,141,923
	Adjustments for:			
	Depreciation and Amortisation		233,163,266	232,939,785
	Provision for Doubtful Advances		8,617	162,895
	Provisions & Contingencies		-	24,107,135
	Provision for Employee Benefits (Net)		(56,312,192)	11,441,333
	Interest Income		(50,614,689)	(48,227,114)
	Finance Cost		27,053,241	38,824,722
	Unrealised Exchange Gain		(27,256,148)	(74,423,889)
	Net Profit on sale of Investments		(3,300,616)	(1,023,844)
	Profit on sale of Own Assets (Net)		(927,069)	(70,684)
			<b>121,814,410</b>	<b>183,730,339</b>
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>1,133,203,026</b>	<b>1,136,872,262</b>
	(Increase) in Trade Receivables		(319,218,610)	(189,541,355)
	Decrease in Short Term and Long Term Loans and Advances		172,881	15,615,784
	Decrease in Other Current and Other Non-current Assets		40,602,574	37,986,528
	(Decrease)/Increase in Trade Payables and Other Current, Other Non-current Liabilities		(59,152,931)	37,027,149
	(Increase) in Current Investments		(121,088,516)	(200,864,770)
	<b>Cash Flow after Working Capital Changes</b>		<b>674,518,424</b>	<b>837,095,598</b>
	Income Tax Paid (Net)		(257,285,115)	(230,700,962)
	<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>417,233,309</b>	<b>606,394,636</b>
<b>(B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Purchase of Fixed Assets		(8,771,791)	(7,217,456)
	Proceeds from sale of Fixed Assets		1,494,764	267,098
	Purchase of Long Term Investments		(40,657,041)	(28,404,899)
	Purchase of share in a subsidiary		-	(8,400,000)
	Proceeds from sale of Long Term Investments		15,567,608	4,874,539
	Inter Corporate Deposits given		(60,000,000)	(260,000,000)
	Inter Corporate Deposits refunded		160,000,000	313,365,753
	Loans given		(6,000,000)	(11,900,000)
	Loans refunded		15,000,000	-
	Interest received		37,218,828	24,943,928
	<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>113,852,368</b>	<b>27,528,963</b>

# Consolidated Cash Flow Statement For The Year Ended 31st March, 2013

(Amount in ₹)

			March 31, 2013	March 31, 2012
<b>(C)</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Proceeds from Issuance of Share Capital at premium		10,367,600	39,017,043
	Interest Paid		(27,053,241)	(38,824,722)
	Borrowing repaid		(341,931,500)	(234,472,000)
	Dividend paid (Including tax thereon)		(363,094,333)	(358,475,962)
	<b>NET GENERATED USED IN FINANCING ACTIVITIES</b>	<b>(C )</b>	<b>(721,711,474)</b>	<b>(592,755,641)</b>
<b>(D)</b>	<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>(190,625,797)</b>	<b>41,167,958</b>
	Cash and cash equivalents at the beginning of the year		586,344,038	545,176,080
	Cash and cash equivalents at the end of the year		<b>395,718,241</b>	<b>586,344,038</b>
	<b>Reconciliation of Cash and cash equivalents with the Balance Sheet :</b>			
	Cash and cash equivalents as per Balance Sheet (Refer note no 20)		416,642,432	603,507,657
	Less: Bank balances not considered as Cash and cash equivalents( as defined in AS 3 Cash Flow Statements) :			
	Balances with Banks in earmarked accounts- referring to unclaimed dividend accounts. [ refer note (ii) below]		(20,924,191)	(17,163,619)
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 20		<b>395,718,241</b>	<b>586,344,038</b>
	* Comprises			
	(a) Cash on hand		60,283	<b>113,040</b>
	(b) Cheques, drafts on hand		-	74,640
	(c) Balances with banks			
	(i) In current and fixed deposit accounts		395,657,958	582,131,784
	(ii) In EEFC accounts		-	4,024,574
			<b>395,718,241</b>	<b>586,344,038</b>

## 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 1-35

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

For and on behalf of the Board

**S M Datta**  
Chairman

**Archana Hingorani**  
Chief Executive Officer &  
Executive Director

Place : Mumbai  
Date : April 30, 2013

**Manoj Borkar**  
Chief Financial Officer

**Sanjay Mitra**  
Company Secretary

# Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

## (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 Generally Accepted Accounting Principles in India 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 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. Any changes in such estimates are recognized prospectively

### 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, 2013 (₹)	Percentage of Voting power As at March 31, 2013	Amount of Investment As at March 31, 2012 (₹)	Percentage of Voting power As at March 31, 2012
<b>Subsidiaries</b>					
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	India	49,864,117	100	49,864,117	100

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

Name of the Entity	Country of Incorporation and Residence	Amount of Investment As at March 31, 2013 (₹)	Percentage of Voting power As at March 31, 2013	Amount of Investment As at March 31, 2012 (₹)	Percentage of Voting power As at March 31, 2012
IIML Advisors LLC	Mauritius	12,599,998	100	4,451,000	100
IIML Fund Managers (Singapore) Pte Ltd (incorporated on December 14, 2011)	Singapore	35,132,823	100	13,067,500	100
<b>Jointly Controlled Entity</b>					
IL&FS Milestone Realty Advisors Private Limited	India	800,000	40	800,000	40
Standard Chartered IL&FS Management (Singapore) Pte Ltd	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)
<b>Fixed Assets Tangible:</b>	
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, tablet devices and soft furnishing are written off in the year of capitalisation

Assessment of impairment of an asset is made at the reporting date and impairment loss, if any is recognized through the Statement of Profit and Loss

### e) Intangible Assets

Category of Asset	Estimated Useful Life (in years)
<b>Fixed Assets Intangible : (Acquired)</b>	
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 in 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 equated over the lease period

**g) Investments**

- i) Investments are capitalised at actual cost including costs incidental to acquisition
- ii) Investments are classified as non-current 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 and 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 revalued and gains/losses if any, are recognised in the Statement of Profit and Loss

**j) Revenue Recognition**

- i) Income from Investment in Units of Private Equity Funds (PEF) is recognised on the basis of income distributed by the respective PEFs
- ii) Management fee income on PEF under management and advisory fee income are recognised based on contractual arrangements
- 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 PEF are recognised over period of 5 years

**m) Taxation**

Tax Expense comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the year. Current Tax is measured at the amount of tax payable in respect of taxable income for the year in accordance with the Income tax Act, 1961 enacted in India for the entities operating in India and tax laws prevailing in the respective jurisdictions for the entities operating outside India

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 and Fixed Deposits

**p) Earnings Per Share (EPS)**

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

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

### (2) Share Capital

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

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
<b>Authorised Share Capital</b>		
250,000,000 Equity shares of ₹ 2/- each	500,000,000	500,000,000
<b>Issued , Subscribed and Fully Paid-up Capital</b>		
208,903,910 Equity shares of ₹ 2/-each	417,807,820	416,550,820
(As at March 31, 2012: 208,275,410 Equity shares of ₹ 2/- each)		
Add : Forfeited shares	20,000	20,000
	<b>417,827,820</b>	<b>416,570,820</b>

- 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, 2013	As at March 31, 2012
Shares outstanding at the beginning of the year	208,275,410	205,626,255
Add: Allotment made during the year	628,500	2,649,155
Shares outstanding at the end of the year	<b>208,903,910</b>	<b>208,275,410</b>

- c) List of the shareholders holding more than 5% of the share capital :

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Infrastructure Leasing & Financial Services Limited, the Holding Company	105,055,435	50.29	105,055,435	50.44

- d) Shares options granted and outstanding under the Company's Employee Share Option Plans as at March 31, 2013 , executives and senior employees held fully vested options of 732,500 equity shares of the Company, the range of exercise price for Stock Option outstanding as at March 31, 2013 is ₹ 13.60 to ₹ 19.20 and the weighted average remaining contractual exercise period is 8.2 months. 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 (₹)
2012-13	-	-	-
2011-12	-	-	-
2010-11	-	-	-
2009-10	-	-	-
2008-09	2	66,312,035	132,624,070

- f) The Company has proposed dividend for the year ended March 31, 2013, on Equity Shares @ ₹ 1.50 per share aggregating to ₹ 366,610,694/- inclusive of dividend distribution tax of ₹ 53,524,829/-

- 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/-



## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

h) Shares reserved for issue under Options :

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

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

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

Particulars	ESOP 2006	
	No of Options	Weighted Average Exercise Price* (₹)
Authorised to be Granted	16,875,000	-
Granted and outstanding at the beginning of the year	1,361,000	17.46
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	628,500	16.50
Lapsed during the year	-	-
Granted and outstanding at the end of the year	732,500	18.28
Vested and Exercisable at the end of the year	732,500	18.28

\* 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 based on the Market Price as on the date of the Grant
- (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 ₹ 25.14

### (3) Reserves and Surplus

The movement in Reserves and Surplus are as under :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
<b>General Reserve</b>		
Balance as per previous Balance Sheet	212,000,000	170,000,000
Add: Appropriation from Statement of Profit and Loss	43,000,000	42,000,000
Balance at the end of the year	<b>255,000,000</b>	<b>212,000,000</b>
<b>Securities Premium Account</b>		
Balance as per previous Balance Sheet	132,527,654	95,760,141
Add: Received upon issuance of shares	9,110,600	33,718,733
Add: Transferred from Share Option Outstanding Account	-	3,048,780

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Balance at the end of the year	141,638,254	132,527,654
<b>Capital Reserve on Consolidation</b>		
Balance as per previous Balance Sheet	49,169,392	49,169,392
Add: Addition	-	-
Balance at the end of the year	49,169,392	49,169,392
<b>Share Option Outstanding Account</b>		
Balance as per previous Balance Sheet	-	3,048,780
Less: Transferred to Securities Premium account on exercise of options	-	(3,048,780)
Balance at the end of the year		
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per previous Balance Sheet	1,405,956,807	1,075,724,916
Add: Group profit for the year	766,293,729	735,326,224
Less : Appropriation for Dividend (including Dividend tax)	(366,610,694)	(363,094,333)
Less: Transfer to General Reserve	(43,000,000)	(42,000,000)
Balance at the end of the year	1,762,639,842	1,405,956,807
<b>Foreign Currency Translation Reserve</b>		
Balance as per previous Balance Sheet	117,405,275	(31,443,861)
Add: Addition	91,742,346	148,849,136
Balance at the end of the year	209,147,621	117,405,275
	2,417,595,109	1,917,059,128

#### (4) Long-term borrowings :

The Long-term borrowings consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Secured Loan	-	255,782,500
	-	255,782,500

#### (5) Current maturities of Long-term Borrowings :

The Current maturities of Long -term Borrowings consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Secured Loan	271,946,500	358,095,500
	271,946,500	358,095,500

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, 2013

### (6) Other Long-term Liabilities :

Other Long-term liabilities consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Unamortised Deferred Income	898,672	2,364,176
	<b>898,672</b>	<b>2,364,176</b>

### (7) Other Current Liabilities :

a) Other Current Liabilities consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Income Received in advance	72,877,756	118,038,963
Unclaimed Dividend	20,924,191	17,163,619
Unamortised Deferred Income	1,465,504	11,335,610
Statutory Payments	3,026,450	10,447,326
Other Payables	12,989,996	28,687,605
	<b>111,283,897</b>	<b>185,673,123</b>

b) Other Payables pertains to amount payable to Provident Fund and Profession Tax

c) Unclaimed dividend of ₹ 20,924,191/- relates to the period from FY 2005-2006 to FY 2011-2012. During the year ended March 31, 2013 an amount of ₹ 859,368/- (Previous year: ₹ 672,887/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2005

### (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, 2013 (₹)	As at March 31, 2012 (₹)
Provision for Employee benefits	49,421,216	38,105,470
	<b>49,421,216</b>	<b>38,105,470</b>

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

(a) Defined-Contribution Plans :

The Group has recognized ₹ 13,989,032/- (Previous year ₹ 10,429,204/-) 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 ₹ 13,136,857/- (Previous year ₹ 12,008,113/-) 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, 2013

I.	Assumptions	For the year ended March 31, 2013	For the year ended March 31, 2012
	Discount Rate	8.25% - 8.50%	8.25% - 8.75%
	Rate of Return on Plan Assets	8.70% - 9.00%	8.60% - 9.00%
	Salary Escalation	6.50%	6.50%
	Mortality Table	Indian Assured Lives mortality (2006-2008 ultimate)	LIC (1994-96)
II.	Table Showing Change in Benefit Obligation:	March 31, 2013 (₹)	March 31, 2012 (₹)
	Liability at the beginning of the year	69,070,807	51,521,128
	Interest Cost	5,534,061	4,261,198
	Current Service Cost	6,487,747	10,316,264
	Liability Transfer Out	-	(3,813,462)
	Benefit Paid	(5,838,508)	(1,892,500)
	Actuarial (gain)/loss on obligations	(615,715)	8,678,179
	Liability at the end of the year	74,638,392	69,070,807
III.	Tables of Fair value of Plan Assets :		
	Fair Value of Plan Assets at the beginning of the year	69,511,030	39,913,251
	Expected Return on Plan Assets	5,990,124	2,952,193
	Contributions	9,453,246	30,239,442
	Transfer to other Company	-	(3,813,462)
	Benefit Paid	(5,838,508)	(892,500)
	Actuarial gain/(loss) on Plan Assets	45,116	1,112,106
	Fair Value of Plan Assets at the end of the year	79,161,008	69,511,030
	Total Actuarial Gain/(Loss) to be recognized	660,831	(7,566,073)
IV.	Actual Return on Plan Assets :		
	Expected Return on Plan Assets	5,990,124	2,952,193
	Actuarial gain/(loss) on Plan Assets	45,116	1,112,106
	Actual Return on Plan Assets	6,035,240	4,064,299

	March 31, 2013 (₹)	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	74,638,392	69,070,807	51,521,128	35,625,074	30,868,588
Fair Value of Plan Assets at the end of the year	79,161,008	69,511,030	39,913,251	33,675,602	28,070,713
Difference	(4,522,616)	(440,223)	11,607,877	1,949,472	2,797,875
Unrecognised Past Service Cost	-	-	-	-	-
Amount Recognised in the Balance Sheet	(4,522,616)	(440,223)	11,607,877	1,949,472	2,797,875

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

VI.	Expenses Recognised in the Statement of Profit and Loss:	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)			
	Current Service Cost	6,487,747	10,316,264			
	Interest Cost	5,534,061	4,261,198			
	Expected Return on Plan Assets	(5,990,124)	(2,952,193)			
	Net Actuarial (Gain)/Loss To Be Recognised	(660,831)	7,566,073			
	Expense Recognised in Statement of Profit and Loss	5,370,853	19,191,342			
VII.	Balance Sheet Reconciliation :	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)			
	Opening Net Liability	(440,223)	11,607,877			
	Expense as above	5,370,853	19,191,342			
	Employers Contribution	(9,453,246)	(30,239,442)			
	Benefits Paid	-	(1,000,000)			
	Amount Recognised in Balance Sheet	(4,522,616)	(440,223)			
VIII.	Description of Plan Assets					
	Insurer Managed Funds	100%	100%			
IX.	Experience Adjustments:					
		As at March 31, 2013 (₹)	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)	As at March 31, 2009 (₹)
	Experience adjustments on plan liabilities gain/ (loss)	1,118,740	12,825,806	(2,731,448)	(1,293,138)	6,461,619
	Experience adjustments on plan assets gain/ (loss)	45,116	1,112,106	321,976	229,376	92,812

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, 2013 (₹)	As at March 31, 2012 (₹)
Provision for employee benefits	21,671,537	89,299,475
Provision for Taxation (Net)	40,339,920	41,498,196
Provision for Dividend	313,355,865	312,413,115
Provision for Dividend Tax	53,254,829	50,681,218
Provision for revaluation on derivative contracts	808,632	4,825,844
	<b>429,430,783</b>	<b>498,717,848</b>

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

### 10) Fixed Assets :

a) Tangible and Intangible Assets

Amount (₹)

	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
Description of Assets	As on 01.04.2012	Additions	Deductions/ Adjustments *	As at 31.03.2013	As at 1.04.2012	For the Year	Deductions/ Adjustments *	Up to 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets :										
Building	17,409,580	-	1,100,198	18,509,778	1,453,817	1,238,642	90,469	2,782,928	15,726,850	15,955,763
Furniture and Fixtures	11,986,995	2,267,228	(1,619,210)	12,635,013	7,634,562	1,819,269	(1,445,823)	8,008,008	4,627,005	4,352,433
Vehicles	11,174,497	2,354,350	126,530	13,655,377	6,696,346	3,334,132	152,090	10,182,568	3,472,809	4,478,151
Office Equipments	8,318,747	1,729,062	(514,706)	9,533,103	6,126,797	2,358,458	(454,683)	8,030,572	1,502,531	2,191,950
Data Processing Equipments	11,678,312	1,578,451	(1,727,694)	11,529,069	8,417,586	2,566,220	(1,789,840)	9,193,966	2,335,103	3,260,726
Lease Improvements	22,039,648	-	(602,158)	21,437,490	17,274,738	3,300,937	(567,121)	20,008,554	1,428,936	4,764,910
Total (A)	82,607,779	7,929,091	(3,237,040)	87,299,830	47,603,846	14,617,658	(4,014,908)	58,206,596	29,093,234	35,003,933
Previous year :	73,660,917	7,101,639	1,845,223	82,607,779	32,238,363	16,202,460	(836,977)	47,603,846		
Intangible Assets :										
Goodwill on amalgamation	13,700,739	-	1,699,645	15,400,384	8,960,262	5,045,783	1,394,339	15,400,384	-	4,740,477
Computer Software	6,745,564	-	-	6,745,564	6,095,709	359,852	-	6,455,561	290,003	649,855
Business Know-how, Management and Advisory Contracts	1,894,589,095	-	144,018,626	2,038,607,721	331,934,841	163,481,385	32,213,623	527,629,849	1,510,977,872	1,562,654,254
Placement Fees	835,540,735	-	3,004,679	838,545,414	788,886,826	49,658,588	-	838,545,414	-	46,653,909
Total (B)	2,750,576,133	-	148,722,950	2,899,299,083	1,135,877,638	218,545,608	33,607,962	1,388,031,208	1,511,267,875	1,614,698,495
Previous year :	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		
Total (A+B)	2,833,183,912	7,929,091	145,485,910	2,986,598,913	1,183,481,484	233,163,266	29,593,054	1,446,237,804	1,540,361,109	1,649,702,428
Previous year :	2612,554,937	7,517,456	213,111,519	2,833,183,912	950,575,526	232,939,795	(33,827)	1,183,481,484		

\* Adjustments include movement due to foreign exchange fluctuations

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

### b) Capital Work in Progress

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Software Upgradation	842,700	-
	<b>842,700</b>	<b>-</b>

### (11) Non Current Investments

Non Current Investment consists of :

Particulars	Face Value (₹)	Qty	Cost As at March 31, 2013 (₹)	Face Value (₹)	Qty	Cost As at March 31, 2012 (₹)
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#### A - Trade Investments

##### Investment in Equity Instruments (Fully Paid-up)

Avantika Gas Ltd	10	8,250	82,500	10	8,250	82,500
IL&FS India Realty Fund LLC	\$ 10	100	54,389	\$ 10	100	51,157
IL&FS India Realty Fund II LLC	\$ 0.01	100,000	54,389	\$ 0.01	100,000	51,157
TARA India Fund III LLC	\$ 1	2	109	\$ 1	2	102
TARA Feeder Fund Limited	\$ 1	2	109	\$ 1	2	102
Tara India Fund IV LLC (Class C Shares)	\$ 1	1	54	\$ 1	1	51
Tara India Fund IV LLC (Class D Shares)	\$ 1	1	54	\$ 1	1	51
Saffron India Real Estate Fund – I (Class A Shares)	\$ 0.01	19,040	102,422,775	\$ 0.01	14,128	70,963,632
Saffron India Real Estate Fund – I (Class C Shares)	\$ 0.01	75,000	40,792	\$ 0.01	75,000	38,367
Saffron India Real Estate Fund – I (Class D Shares)	\$ 0.01	25,000	40,792	\$ 0.01	25,000	38,367
K2 Property Limited (Class C Shares)	\$ 0.01	75,000	13,597	\$ 0.01	75,000	12,789
K2 Property Limited (Class D Shares)	\$ 0.01	25,000	13,597	\$ 0.01	25,000	12,789
IL&FS Nucleus Fund (Class B Shares)	1 \$	1	54	-	-	-
<b>Total (A)</b>			<b>102,723,211</b>			<b>71,251,064</b>

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

South Asian Regional Apex Fund	5,000	64	292,980	5,000	738	3,406,051
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



## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

Particulars	Face Value (₹)	Qty	Cost As at March 31, 2013 (₹)	Face Value (₹)	Qty	Cost As at March 31, 2012 (₹)
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
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	1,000	200	200,000
Milestone Real Estate Fund - IL&FS Milestone Fund IIA	1,000	200	200,000	1,000	200	200,000
Milestone Real Estate Fund - IL&FS Milestone Fund IIB	1,000	200	200,000	1,000	200	200,000
<b>Total (B)</b>			<b>2,542,980</b>			<b>5,656,051</b>

### C - Investment in Interest in Limited Liability Partnership (Unquoted)

AMCF India Participations, L.P.[The Company's has 100% Share in the Limited Partners Capital, where Asia Mezzanine Capital Partners LP have 100% voting rights]*	-		20,266,516
<b>Total (C)</b>	-		<b>20,266,516</b>
<b>Total (A+B+C)</b>	<b>105,266,191</b>		<b>97,173,631</b>
Provision for share in loss in limited liability partnership *	-		(20,266,516)
<b>Grand Total</b>	<b>105,266,191</b>		<b>76,907,115</b>

\* In the current year the provision has been adjusted against the investment as the General Partner has commenced proceedings for liquidation of the Partnership

### (12) Current Investments :

The details of Current Investments are provided below :

Particulars	As at March 31, 2013			As at March 31, 2012		
	Units	Face Value (₹)	Amount in (₹)	Units	Face Value (₹)	Amount in (₹)
<b>Investment in Mutual Funds - Non-Trade - Unquoted</b>						
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan	-	-	-	88,720	10	88,800,820
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvestment	6,347,621	10	63,589,837	4,598,780	10	46,070,120
Birla Sunlife Cash Manager - IP- Daily Dividend -Reinvestment	-	-	-	344,897	10	34,549,634
TATA Treasury Manager Fund	-	-	-	24,839	10	25,095,504
ICICI Prudential Flexible Income Plan - Daily Dividend	196,395	100	20,765,850	190,293	10	20,120,646
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Option - Re-investment	-	-	-	35,467	10	35,474,786

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

Particulars	As at March 31, 2013			As at March 31, 2012		
	Units	Face Value (₹)	Amount in (₹)	Units	Face Value (₹)	Amount in (₹)
<b>Investment in Mutual Funds - Non-Trade - Unquoted</b>						
Templeton India Ultra Short Term Bond - Super IP	4,003,275	10	40,104,810	5,013,008	10	50,529,035
Reliance Liquid Fund Treasury Fund - Treasury Plan - IP –Daily Dividend Reinvestment	28,004	1,000	42,810,498	6,175,038	10	94,400,274
Baroda Pioneer Treasury Advantage Fund-Daily Dividend Plan	65,542	10	65,627,812	-	-	-
Reliance Medium Term Fund - Daily Dividend Plan	1,614,094	10	27,594,395	-	-	-
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	29,959	10	30,000,000	-	-	-
Sundaram Flexi fund Short Term -Institutional Daily Dividend	434,503	10	4,361,107	-	-	-
Kotak Flexi Debt Scheme Institutional-Daily Dividend-Reinvestment	2,221,686	10	22,322,395	-	-	-
Kotak Floater Long Term - Daily Dividend	2,288,456	10	23,067,181	-	-	-
Taurus Ultra short term bond	69,226	10	69,356,006	-	-	-
JPMorgan India Treasury Fund - Super Inst Daily Dividend Reinvestment	2,997,332	10	30,000,000	-	-	-
Birla Sunlife Ultra Short Term Fund - Daily Dividend -Reinvestment	10,182	10	1,018,790	-	-	-
Birla Sun Life Saving Fund - Daily Dividend- Regular Plan - Reinvestment	483,492	10	48,395,006	-	-	-
UTI Floating Rate Fund - STP-Regular Plan - Daily Dividend Reinvestment	25,208	10	27,146,621	-	-	-
			<b>516,160,308</b>			<b>395,040,819</b>

### 13) Deferred Tax :

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

- i) During the current year ended March 31, 2013 the timing difference has resulted in a net deferred tax asset of ₹ 7,248,040/-

## Notes Forming part of Consolidated Financial Statements

### For The Year Ended 31st March, 2013

ii) The deferred tax asset recognized in the accounts as of March 31, 2013 are as follows :

Nature of Timing Differences	As at March 31, 2012 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	As at March 31, 2013 Asset/(Liability) (₹)
Difference between book and tax Depreciation	7,882,321	897,559	8,779,880
Employee Benefits	11,745,480	1,846,841	13,592,321
Placement Fees	(2,327,000)	1,760,000	(567,000)
Deferred Rent	124,947	74,969	199,916
<b>Total</b>	<b>17,425,748</b>	<b>4,579,369</b>	<b>22,005,117</b>
Previous year	10,904,763	6,520,985	17,425,748

iii) The deferred tax liability recognised in the accounts as of March 31, 2013 is as follows :

Nature of Timing Differences	As at March 31, 2012 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	As at March 31, 2013 Asset/(Liability) (₹)
Difference between book and tax Depreciation	40	800	840
Employee Benefits	115,600	80,400	196,000
Placement Fees	(12,587,986)	714,671	(11,873,315)
Mobilisation Fee Expense	(7,138,000)	5,694,800	(1,443,200)
Deferred Income	4,444,920	(3,678,000)	766,920
Bonus	403,440	(144,000)	259,440
Others	(1,668,691)	(901,753)*	(2,570,444)
<b>Total</b>	<b>(16,430,677)</b>	<b>1,766,918</b>	<b>(14,663,759)</b>
Previous year	(17,088,359)	657,682	(16,430,677)

\* The amount of ₹ 901,753/- (previous year ₹ 1,668,691) is on account of Foreign Exchange Fluctuation adjusted in Foreign Currency Translation Reserves under the head 'Reserves and Surplus'

#### (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, 2013 (₹)	As at March 31, 2012 (₹)
<b>Secured, considered good :</b>		
Staff Loan	557,890	330,963
<b>Unsecured , considered good:</b>		
Advance Tax (net of provision)	60,624,945	56,475,928
Loans and advances given to related parties	135,575,000	363,575,000
Security Deposits	3,434,451	4,583,993
Prepaid Expenses	10,207,529	15,214,085
Others	-	79,744
	<b>210,399,815</b>	<b>440,259,713</b>

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

### (15) Current portion of Long-term Loans and Advances:

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
<b>Unsecured , considered good:</b>		
Loans given to Related Parties	110,000,000	30,000,000
Other Loans and Advances	49,000,000	
	<b>159,000,000</b>	<b>30,000,000</b>

### (16) 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, 2013 (₹)	As at March 31, 2012 (₹)
<b>Secured , considered good :</b>		
Staff Loan	561,574	201,313
<b>Unsecured , considered good :</b>		
Loans given to Related Parties	50,000,000	60,000,000
Security Deposit	1,625,592	2,153,465
Prepaid Expenses	24,566,853	33,169,903
Advances Recoverable in cash or in kind or for value to be received from Related Parties	3,734,164	195,781
Advances Recoverable in cash or in kind or for value to be received from Other Parties	38,419,555	30,032,488
Indirect Tax/Credit Receivables	5,620,740	2,948,111
	<b>124,528,478</b>	<b>128,701,061</b>

- 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

### (17) Other Non-Current Assets :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Interest accrued but not due	41,301,850	51,638,079
Unamortised Distributor Fees	1,619,560	4,451,055
Unamortised Placement Fees	84,963,321	104,173,867
	<b>127,884,731</b>	<b>160,263,001</b>

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

### (18) Other Current Assets :

Other Current Assets consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Interest accrued but not due	37,880,337	14,148,247
Unamortised – Placement Fees	1,667,853	5,505,095
Unamortised Distributor Fees	2,827,915	17,551,206
Unamortised – Forward Cover Premium	2,653,484	3,231,000
	<b>45,029,589</b>	<b>40,435,548</b>

### (19) 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, 2013 (₹)	As at March 31, 2012 (₹)
<b>Secured , considered good :</b> (outstanding for more than 6 months from the date they are due for payment)	23,544,388	514,534
<b>Secured , considered good :</b> (outstanding for less than 6 months from the date they are due for payment)	34,898,197	7,679,032
<b>Unsecured , considered good :</b> (outstanding for more than 6 months from the date they are due for payment)	76,367,290	39,855,854
<b>Unsecured , considered good :</b> (outstanding for less than 6 months from the date they are due for payment)	597,047,998	364,589,843
	<b>731,857,873</b>	<b>412,639,263</b>

### (20) Cash and Cash Equivalents:

Cash and Cash Equivalents consists of :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
a) Cash on hand	60,283	113,040
b) Cheques on Hand	-	74,640
c) Balance with Banks		
i) in Current Accounts	311,106,949	493,753,810
ii) in EEFC Accounts	-	4,024,574
iii) in Fixed Deposit Accounts *	84,551,009	88,377,974
iv) in Current Accounts referring to unclaimed dividend accounts	20,924,191	17,163,619
	<b>416,642,432</b>	<b>603,507,657</b>

- a) \*Of the above an amount of ₹ Nil/- (Previous year ₹ 14,026,827/-) 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, EEFC accounts and Fixed Deposits amounting to ₹ 395,718,241/- (Previous year ₹ 586,344,038/-)

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

### (21) Contingent Liabilities and Commitments :

#### i) Contingent Liabilities :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Claims not acknowledged as debts:		
Income tax demand contested by the Group	36,710,230	14,176,014
Banker's Letter of guarantee	-	231,160

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) Outstanding Capital Commitments :

Particulars	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Estimated amount of contracts remaining to be executed on capital account not provided for [net of advance paid]	860,210	-

### (22) Revenue from Operations :

Revenue from Operations comprises of :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Fees from Fund Management and Advisory Services	2,161,097,572	2,125,875,618
	<b>2,161,097,572</b>	<b>2,125,875,618</b>

### (23) Other Operating Income

#### a) Other Operating Income comprises of :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Dividend Income :		
From Current non-trade Investments	29,895,924	30,557,641
<b>Total (a)</b>	<b>29,895,924</b>	<b>30,557,641</b>
Net gain/loss on sale of investments :		
Profit on sale of Long-term trade Investments	3,269,643	1,023,844
Profit on sale of current non-trade Investments	30,973	-
<b>Total (b)</b>	<b>3,300,616</b>	<b>1,023,844</b>
Interest Income on		
- On Fixed Deposits with Banks	5,755,275	5,121,965
- On Other Deposits / Loans	44,859,414	43,105,149
<b>Total (c)</b>	<b>50,614,689</b>	<b>48,227,114</b>
<b>Total (a+b+c)</b>	<b>83,811,229</b>	<b>79,808,599</b>

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

### (24) Other Income :

a) Other Income comprises of :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Profit on sale of Fixed Asset	927,069	70,684
Forward Cover Premium	-	3,041,345
Foreign Exchange Gain	6,508,271	4,275,191
Interest on Income Tax refund	107,402	330,513
Income from sale of Duty Free Licenses	5,575,432	11,118,456
Miscellaneous Income	11,245,221	22,494,300
	<b>24,363,395</b>	<b>41,330,489</b>

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

### (25) Employee Benefit Expense :

Employee Benefit Expense include :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Salaries and Allowances	499,079,411	469,949,538
Staff Deputation cost	13,214,400	13,214,400
Contribution to Provident Fund and Other Funds	32,999,243	41,982,361
Staff Training and Welfare Expenses	4,172,422	4,355,987
	<b>549,465,476</b>	<b>529,502,286</b>

### (26) Other Administrative and Operating Expenses :

a) Other Administrative and Operating Expenses consists of :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Rent	58,959,208	58,361,506
Repairs and Maintenance	5,088,921	5,063,590
Insurance	4,661,668	4,904,615
Rates and Taxes	2,256,106	1,926,248
Legal and Professional Expenses	129,414,859	136,126,397
Advisory Fees	117,686,776	143,949,863
Electricity and Water Charges	1,953,789	2,260,344
Travelling and Conveyance	44,582,197	53,844,756
Postage and Telecommunication	7,223,988	8,198,038
Printing and Stationery	2,493,902	3,765,384
Debts/Advances Written Off	8,617	162,895



## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Brand Subscription Fees	16,734,546	16,159,917
Directors Sitting Fees	1,762,832	1,403,837
Miscellaneous Expenses	55,374,188	56,478,600
	<b>448,201,597</b>	<b>492,605,990</b>

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

### (27) Finance Cost :

Finance Cost include :

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Interest Expense	22,776,552	34,729,338
Other Borrowing Costs	4,276,689	4,095,384
	<b>27,053,241</b>	<b>38,824,722</b>

### (28) 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, 2013 (₹)	As at March 31, 2012 (₹)
Not later than one year	39,578,830	37,930,616
Later than one year but not later than 5 years	77,287,048	27,913,560
Later than 5 years	-	-

Particulars	For the year ended March 31, 2013 (₹)	For the year ended March 31, 2012 (₹)
Amount charged to the Profit and Loss Statement	51,806,271	34,795,773

### (29) 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

### (30) Derivatives and foreign currency Exposures :

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

Particulars	As at March 31, 2013	As at March 31, 2012
No of Contracts	4	3
Notional amount (Sell)	\$ 4,047,800	\$ 5,000,000
Notional amount (Buy)	₹ 222,695,027	₹ 256,677,500

## Notes Forming part of Consolidated Financial Statements

### For The Year Ended 31st March, 2013

#### 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, 2013	As at March 31, 2012
Receivables	\$ 3,576,435	\$ 2,291,994
Amount in ₹	194,519,789	117,251,994
EEFC Account Balance	-	\$ 81,553
Amount in ₹	-	4,171,956

#### (31) 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, 2013	March 31, 2012
Profit After Tax (₹)	766,293,729	735,326,224
Weighted Average Number of Equity Shares in calculating Basic EPS	208,533,267	206,808,126
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)	274,398	1,136,352
Weighted Average Number of Equity Shares in calculating Diluted EPS	208,807,665	207,944,478
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹) (Not Annualised)	3.67	3.56
(iii) Diluted Earnings per share (₹) (Not Annualised)	3.67	3.54

#### (32) 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, 2013	March 31, 2012
1	Infrastructure Leasing & Financial Services Limited	√	√
Sr No	Fellow Subsidiaries*	March 31, 2013	March 31, 2012
1	IL&FS Education & Technology Services Limited	√	√
2	IL&FS Financial Services Limited	√	√
3	IL&FS Securities Services Limited	√	√
4	IFIN Realty Trust	√	√
5	IL&FS IIDC Fund	√	√
6	IL&FS Infrastructure Equity Fund - I	√	√
7	IL&FS Trust Company Limited	√	√
8	IL&FS Transportation Networks Limited	√	√
9	Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	√	√
10	IL&FS Environmental Infrastructure & Service Limited	√	√
11	Vansh Nimay Infraproject Private Limited	√	√
12	East Delhi Waste Processing Company Private Limited	√	√
13	IL&FS Maritime International FZE	√	√

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

Sr No	Fellow Subsidiaries*	March 31, 2013	March 31, 2012
14	IL&FS Prime Terminals FZE	√	√
15	IL&FS Energy Development Co Limited	√	√
16	Rapid Metro Gurgaon Limited	√	√
17	Gujarat International Finance Tec-city Co Limited	√	√
18	IL&FS Cluster Development Initiative Limited	√	√
19	IL&FS Tamil Nadu Power Company Limited	√	√
20	IL&FS Renewable Energy 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 / Account Balance (₹)	Outstanding Balance As on March 31, 2013 (₹)
Infrastructure Leasing & Financial Services Limited	Rent Expenses	42,632,927 (43,132,146)	
	Electricity Charges	641,801 (890,000)	
	Service Charges	528,010 (576,168)	
	Repairs and Maintenance Expenses	525,960 (455,832)	
	Brand Subscription fees	16,349,791 (16,159,917)	
	Salary Deputation Cost	11,769,240 (10,846,974)	
	Term Deposits placed	60,000,000 (260,000,000)	
	Repayment of Term Deposits	160,000,000 (210,000,000)	
	Interest Income on Term Deposits	25,428,491 (22,119,363)	
	Sale/Transfer of Asset	Nil (9,333)	
	Current portion of Long Term Loans and Advances – Inter Corporate Deposits		110,000,000 (30,000,000)
	Short Term Loans and Advances – Inter Corporate Deposits		50,000,000 (60,000,000)
	Long Term Loans and Advances – Inter Corporate Deposits		Nil (170,000,000)
	Other Current Assests – Interest accrued		18,021,021 (1,635,103)
	Other Non Current Assets – Interest Accrued		Nil (13,041,372)

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction / Account Balance (₹)	Outstanding Balance As on March 31, 2013 (₹)
	Trade Payables		3,119,327 (6,112,872)
	Short Term Advances – Other advances recoverable in cash or kind		721,093 (24,561)

(Figures in brackets represent figures of previous year)

### ii) Transactions with fellow subsidiaries

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction / Account Balance (₹)	Outstanding Balance As on March 31, 2013 (₹)
IL&FS Education & Technologies Limited	Purchase of assets	Nil (81,000)	
IL&FS Financial Services Limited	Short Term Advances – Other advances recoverable in cash or kind		1,335 (91,979)
IL&FS Securities Services Limited	Custody Charges	17,027 (39,054)	
	Legal and Professional Fees	155,000 (240,000)	
	Trade Payables		Nil (21,868)
IFIN Realty Trust	Fund Management and Advisory Fees	15,589,848 (16,385,172)	
	Trade Receivables		269,867 (Nil)
	Trade Payables		Nil (13,044)
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	44,568,377 (45,061,378)	
IL&FS Trust Company Limited	General Office Expenses	29,084 (10,980)	
	Trade Payables		21,403 (11,869)
IL&FS Transportation Networks Limited	Operating Expense		Nil (15,910)
Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	Fund Management and Advisory Fees	2,788,905 (3,199,370)	
	Legal and Professional Fees	11,700,000 (8,700,000)	
	Trade Receivable		Nil (719,887)
	Trade Payable		4,665,709 (Nil)

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction / Account Balance (₹)	Outstanding Balance As on March 31, 2013 (₹)
IL&FS Environmental Infrastructure & Services Limited	Fund Management and Advisory Fees	4,147,549 (2,129,247)	
	Trade Receivable		29,049 (75,319)
Vansh Nimay Infraproject Private Limited	Fund Management and Advisory Fees	2,206,060 (2,791,574)	
	Trade Receivable		2,491 (Nil)
East Delhi Waste Processing Company Private Limited	Fund Management and Advisory Fees	7,247,042 (1,208,915)	
	Trade Receivable		4,246,574 (137,983)
IL&FS Maritime International FZE	Fund Management and Advisory Fees	59,296,776 (Nil)	
	Trade Receivable		37,017,629 (Nil)
IL&FS Prime Terminals FZE	Fund Management and Advisory Fees	Nil (48,295,598)	
	Trade Receivable		Nil (51,529,738)
IL&FS Energy Development Company Limited	Short Term Advances – Other advances recoverable in cash or kind		86,536 (79,241)
Rapid Metro Gurgaon Limited	Income from sale of Duty Free Licenses	5,575,432 (11,118,456)	Nil (9,885,725)
Gujarat International Finance Tec-city Co Limited	Fund Management and Advisory Fees	13,518,250 (500,000)	
	Trade Receivable		419,475 (Nil)
IL&FS Cluster Development Initiative Limited	Purchase of assets	Nil (980,573)	
IL&FS Tamil Nadu Power Company Limited	Sale of Fixed Assets	925,200 (Nil)	
	Short Term Advances – Other advances recoverable in cash or kind		925,200 (Nil)
IL&FS Renewable Energy Limited	Short Term Advances – Other advances recoverable in cash or kind		7,886 (Nil)

(Figures in brackets represent figures of previous year)

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

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

### Key Management Personnel :

Dr Archana Hingorani	CEO & Executive Director
Mr Shahzaad Dalal	Director, IL&FS Investment Advisors LLC
Mr Mohan Roy	Director, IL&FS Investment Advisors LLC
Ms Sunita Manwani	Executive Director, IIML Asset Advisors Limited
Mr Yashodhan Sathe	Director, IIML Fund Managers (Singapore) Pte Limited
Late Mr Ved Prakash Arya (Up to 25th August, 2011)	Director and Chief Investment Officer, IL&FS Milestone Realty Advisors Private Limited

For the year ended	March 31, 2013 (₹)	March 31, 2012 (₹)
Remuneration	144,538,157	110,521,211

- c) Transaction with IVC Employee Welfare Trust :

Nature of Transaction	March 31, 2013 (₹)	March 31, 2012 (₹)
Interest Income	19,216,446	17,935,631
Repayment of Loan	15,000,000	-
Payment of Interest	5,495,579	-
Disbursement of Loan	6,000,000	11,900,000
<b>Balance Loan Recoverable :</b>	<b>March 31, 2013 (₹)</b>	<b>March 31, 2012 (₹)</b>
<b>Loan Amount :</b>		
Current portion of Long Term Loans	49,000,000	30,000,000
Long Term	135,575,000	163,575,000
<b>Interest accrued :</b>		
Current	18,732,641	9,638,566
Non Current	41,301,850	38,596,707

### (33) Joint Venture Disclosure :

The Company has the following Joint Ventures as on March 31, 2013 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(Audited)	40%	82,323,467 (78,283,685)	6,724,634 (23,801,192)	77,977,680 (76,951,070)	56,861,340 (58,581,225)
Standard Chartered IL&FS Management (Singapore) Pte Limited (Management Accounts)	50%	212,555,533 (235,973,885)	92,886,699 (129,672,187)	184,555,045 (197,512,688)	129,065,901 (156,666,068)

(Figures in brackets represent figures of previous year)

## Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2013

**(34) 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"

**(35)** Figures for previous year have been regrouped and rearranged wherever considered necessary to conform with those of the current year

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 : April 30, 2013

## Notice

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Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of the Company will be held on Monday, July 22, 2013, at 12 noon 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, 2013 and the Statement of Profit & Loss for the year ended as on that date and the Reports of the Auditors and Directors thereon
- (2) To declare dividend on Equity Shares for the year ended March 31, 2013
- (3) To appoint a Director in place of Mr Ravi Parthasarathy who retires by rotation and being eligible, has offered himself for re-appointment
- (4) To appoint a Director in place of Mr Arun Saha who retires by rotation and being eligible, has offered himself for re-appointment
- (5) To appoint a Director in place of Mr Vibhav Kapoor who retires by rotation and being eligible, has offered himself for re-appointment
- (6) To appoint M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai, Registration Number 117366W, 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

**Registered Office :**

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

Place : Mumbai  
Date : April 30, 2013

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 Wednesday, July 10, 2013 to Monday, July 22, 2013 (both days inclusive). The Dividend as recommended by the Directors, if approved by the shareholders, will be payable on or after July 22, 2013 and will be paid to those members whose names appear in the Company's Register of Members on July 9, 2013. In respect of the 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 :
- (a) 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
  - (b) Quote Ledger Folio nos./DP ID, DP Name and Client ID nos. in all correspondence
  - (c) Approach the Company for consolidation of various ledger folios into one
  - (d) Get the shares transferred in joint names, if they are held in a single name and/or appoint a nominee
  - (e) 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 20<sup>th</sup> May, 2009 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7<sup>th</sup> 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 :
- (a) Transferees' PAN Card for transfer of shares
  - (b) Surviving joint holders' PAN Card for deletion of name of deceased shareholder
  - (c) Legal heir's PAN Card for transmission of shares
  - (d) 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 M/s. Link Intime India Private Limited, the Registrar and Transfer Agent of the Company, 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 2012-13 will also be displayed on the website of the Company i.e. [www.iimlindia.com](http://www.iimlindia.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 2005-2006 and fractional amount arising out of bonus paid for 2005-2006 are due for transfer to the Investor Education and Protection Fund in September 2013 and December 2013 respectively. Further please note that the dividend paid for 2006-2007 is due for transfer to the Investor Education and Protection Fund next year
- (10) The resolutions regarding the re-appointment of Mr Ravi Parthasarathy, Mr Arun Saha and Mr Vibhav Kapoor 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 Ravi Parthasarathy, Mr Arun Saha and Mr Vibhav Kapoor are being provided :

**Mr Ravi Parthasarathy :** Mr Ravi Parthasarathy is an M.B.A. from I.I.M. (Ahmedabad). He is currently the Chairman of Infrastructure Leasing & Financial Services Limited (IL&FS). IL&FS started its operations under him in 1988 and is a financial institution with a focus on commercialization of infrastructure projects. IL&FS is currently promoting, developing and financing diverse projects in surface transport, power, ports, SEZs, water supply and area development, working closely in this regard with Central Government agencies, and numerous State Governments and local authorities in a public-private partnership format. In financial services, IL&FS specializes in structured finance, investment banking and private equity

Mr Ravi Parthasarathy started his career with Citibank. Thereafter, he joined 20th Century Finance Corporation Limited as Executive Director. By the time he left the company as Executive Director, the company had grown to be the largest private sector company in the financial services sector

Mr Ravi Parthasarathy is also a member of the Compensation Committee of the Company. He is not related to any Director of the Company except to the extent of his being a nominee director and employee of Infrastructure Leasing & Financial Services Limited (IL&FS) and the other Directors nominated by IL&FS are also employees of IL&FS. As on March 31, 2013, Mr Parthasarathy holds 900,000 Equity Shares in the Company

## Other Directorships :

Name of the Company	Position held	Membership of Committees*
Infrastructure Leasing & Financial Services Limited	Executive Chairman	--
IL&FS Cluster Development Initiatives Limited	Chairman	--
IL&FS Education & Technology Services Limited	Chairman	--
IL&FS Energy Development Company Limited	Chairman	--
IL&FS Financial Services Limited	Chairman	--
IL&FS Infrastructure Development Corporation Limited	Chairman	--
IL&FS Maritime Infrastructure Company Limited	Chairman	--
IL&FS Skill Development Corporation Limited	Chairman	--

Name of the Company	Position held	Membership of Committees*
IL&FS Transportation Networks Limited	Director	--
IL&FS Capital Advisors Limited	Director	--
Reliance Haryana SEZ Limited	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 Arun Saha :** Mr Arun Saha, is the Joint Managing Director & CEO of Infrastructure Leasing & Financial Services Limited (IL&FS). Mr Saha has been with IL&FS since its inception in 1988 and is presently a member of the Committee of Directors responsible for overseeing the operations and growth of IL&FS. He is also a member of the IL&FS Management Board which supervises the entire IL&FS Group operations. He is also the functional head of Finance, Legal, Operations, Compliance and Risk Management for the IL&FS Group. Mr Saha is a member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and has also completed an Advanced Management Programme at the Wharton Business School

Mr Saha is not related to any Director of the Company except to the extent of his serving as the nominee director of Infrastructure Leasing & Financial Services Limited (IL&FS) on the Board of the Company along with other nominee directors of IL&FS. As on March 31, 2013, Mr Saha holds 150,000 Equity Shares of the Company

**Other Directorships :**

Name of the Company	Position held	Membership of Committees*
Infrastructure Leasing & Financial Services Limited	Joint Managing Director and CEO	--
IL&FS Securities Services Limited	Executive Chairman	--
IL&FS Township & Urban Assets Limited	Chairman	Chairman – Audit Committee
Hill County Properties Limited	Chairman	Member – Audit Committee
IL&FS Capital Advisors Limited	Director	--
IL&FS Energy Development Company Limited	Director	--
IL&FS Financial Services Limited	Director	Member – Audit Committee
IL&FS Infra Asset Management Limited	Director	--
IL&FS Infrastructure Development Corporation Limited	Director	Member – Audit Committee
IL&FS Technologies Limited	Director	Chairman – Audit Committee
IL&FS Transportation Networks Limited	Director	Chairman – Investor Grievance Committee Member – Audit Committee
IL&FS Trust Company Limited	Director	Member – Audit Committee
ISSL Settlement and Transaction Services Limited	Director	--
Noida Toll Bridge Company Limited	Director	Member – Audit Committee
Development Investment Trustee Company Private Limited	Director	--
Jubilee Hills Landmark Projects 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

**Mr Vibhav Kapoor :** Mr Vibhav Kapoor is an MBA. He is currently the Group Chief Investment Officer of Infrastructure Leasing & Financial Services Limited (IL&FS) and is primarily responsible for looking after the overall investment decisions of IL&FS including managing the Proprietary Equity Portfolio of IL&FS and guiding the treasury team in various transactions relating to foreign exchange & money management of IL&FS and monitoring the mutual fund investments of IL&FS. He is also actively involved in strategic investment decisions of the IL&FS Group

Mr Vibhav Kapoor started his career with Unit Trust of India and was incharge of Corporate Finance and Equity Research. He then worked as Portfolio Manager in the Merchant Banking Division of ANZ Grindlays Bank. He then joined IL&FS leading the investment team acting as Advisor to the Oppenheimer India Fund and was subsequently promoted as the Managing Director of IL&FS Asset Management Company Limited

Mr Kapoor is also a Member of the Audit Committee and the Chairman of the Shareholders'/Investors' Grievance Committee of the Company.

Mr Vibhav Kapoor is not related to any Director of the Company except to the extent of his serving as the nominee director of Infrastructure Leasing & Financial Services Limited (IL&FS) on the Board of the Company along with other nominee directors of IL&FS. As on March 31, 2013 he holds 562,500 shares of the Company

## Other Directorships :

Name of the Company	Position held	Membership of Committees*
Free Trade Warehousing Private Limited	Director	--
IL&FS Capital Advisors Limited	Director	--
IL&FS Securities Services Limited	Director	Member – Audit Committee
IL&FS Portfolio Management Services Limited	Director	--
IL&FS Financial Services Limited	Director	Member – Audit Committee
IL&FS Transportation Networks Limited	Director	--
Sara Fund Trustee Company Private Limited	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

## Registered Office :

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

Place : Mumbai  
Date : April 30, 2013

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 27th Annual General Meeting of the Company to be held on July 22, 2013 at 12 noon 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 \_\_\_\_\_ 2013,

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 27th Annual General Meeting of the Company held on July 22, 2013 at 12 noon at The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400 020

\_\_\_\_\_  
Signature of the Shareholder / Proxy

## Notes

## Notes

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](http://www.iimlindia.com)