



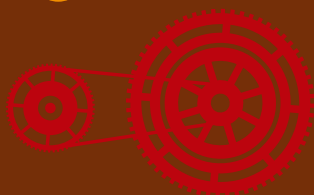
Private Equity

IL&FS Investment Managers Limited

ANNUAL REPORT 2014



ENGINES OF GROWTH



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Engines of Growth :

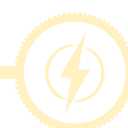
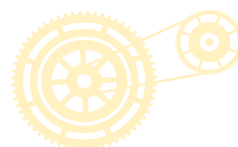
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CORPORATE INFORMATION

- 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

CHAIRMAN'S REFLECTIONS



Mr. S M Datta
Chairman

Dear Shareholder,

Over the last couple of years, I have been touching upon the fact that the global economy has been going through a challenging phase. Conditions underlying some of these global macro-economic and geo-political risks continue to subsist. However, more recently, downside risks have diminished and the global growth seems to be gaining strength. More importantly, this trend is expected to continue, if not accelerate, during 2014-2015. The positive outlook stems from the improvement in activity levels in the advanced economies. And while many emerging market economies have disappointed, stronger exports to the advanced economies is expected to boost output from emerging economies as well

In India, a combination of factors including the pace of reforms, domestic supply constraints and falling infrastructure and corporate investments did lead to a significant slowdown. We have now witnessed two consecutive years of sub-5% growth, the lowest in a decade. The financial position of banks and corporates deteriorated. Inflation and current account as well as fiscal deficits were of specific concern, on the back of which the past year witnessed significant currency volatility. India's sovereign credit rating was on the watch list and a downgrade would have taken India's rating to below investment grade

In this context, the General Election 2014 were of significant importance. A strong, stable Government at the Centre was a crucial need for stemming policy drift and for catalysing growth. Last month, India emphatically voted to fulfil this pressing need. The new Government has put a strong emphasis on growth and decisiveness. An absolute majority empowers the Government to accelerate the pace of policy action and address the growth bottlenecks. This, by itself, is cause for optimism. The significant improvement in the earnings outlook and the run up in the stock markets is a highly visible indicator of this improved sentiment. Foreign Institutional Investors have invested US\$ 16 billion over the last 5 months. Further, current account deficit has narrowed and capital inflows have picked up

The new Government is expected to capitalize on these tailwinds. High on the agenda for action would be to reverse declining investments, unshackle supply side constraints, and to address inflation and fiscal deficit. It needs to be borne in mind that addressing challenges of a large economy would be a complex task. Rationalizing tax laws, creating a transparent mechanism for allocation of natural resources and streamlining the regulatory approval processes would be some of the actions required to improve the business environment, revive private investment and lift corporate profitability

The outcomes of the Government's actions would begin to play out over the next 12-18 months. Accordingly, expectations are for the GDP growth to accelerate to over 6.5% by FY2016, with a modest recovery anticipated during FY2015 as well

Meanwhile, there are risks which need to be addressed. A poor monsoon would have an adverse impact on agriculture. Elevated inflation would lead to a tight monetary policy. A higher than expected fiscal deficit would create downward pressure on sovereign ratings. The strength of the reform process would be contingent on the support of the State Governments and the bureaucracy. Further, India today is more integrated with the global economy than ever before. A weaker-than-anticipated global growth or pessimism in the global capital market could disrupt India's medium-term outlook

Notwithstanding these risks, I believe in the soundness of the Indian economy, in the strong entrepreneurial spirit and in the intrinsic strengths of our country. As cyclical challenges recede, the environment will turn conducive for India's story to come back to the forefront. India's medium-term growth trend will be supported by structurally positive factors of demographics - strong growth in the working age population and a more skilled workforce, and strong domestic consumption

The improvement in the macroeconomic outlook and the focus on restarting the investment cycle will create a conducive environment for private equity in India. On one hand, strengthening public markets, revival of public issues and rising valuations will help drive performance of the existing portfolio. On the other, revival of the capex cycle would place fresh demands on the need for risk capital across all sectors

Your Company is well placed to derive advantage from the improved outlook. Despite the past challenging environment, your Company was able to deliver strong reverse cashflows for its Fund's investors during the last couple of years. As the economy ramps up, this performance metric will stand in good stead and would enable your Company to raise a new genre of Funds

With Regards,

Mr. S M Datta
Chairman

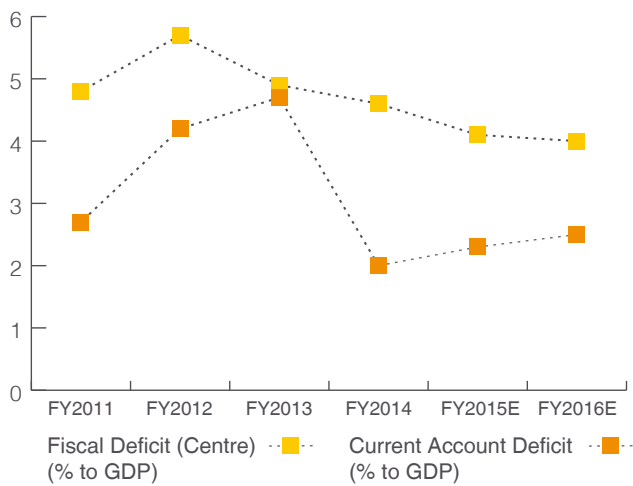
June 9, 2014

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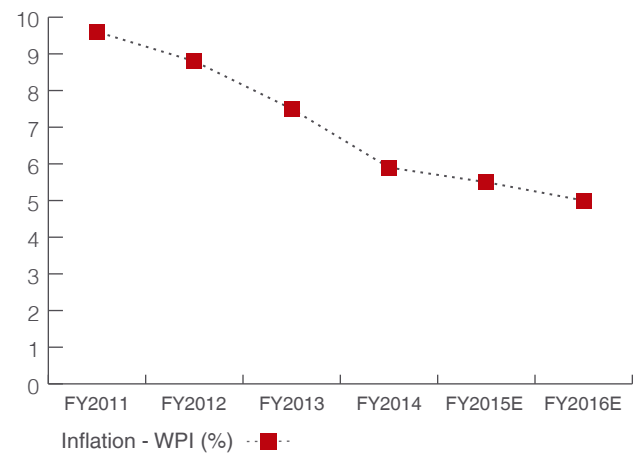
I believe in the soundness of the Indian economy, in the strong entrepreneurial spirit and in the intrinsic strengths of our country...India's medium-term growth trend will be supported by structurally positive factors...

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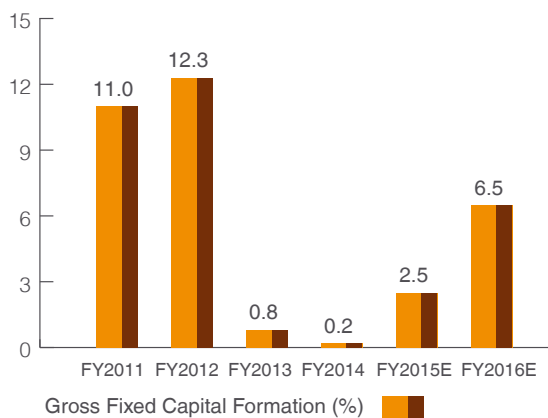
Receding Twin Deficits



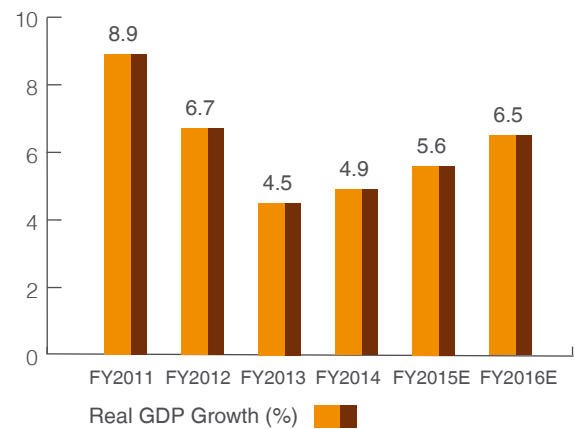
Narrowing Inflation



Increasing Investments



Reviving GDP Growth



FROM THE VICE CHAIRMAN'S DESK



Mr. Shahzaad Dalal
Vice Chairman

Dear Shareholder,

Your Company has been at the forefront of Private Equity (PE) in India for almost two decades. We were the first to raise an infrastructure focused fund and attract marquee international investors in 1996, when public private partnership took roots in the late 1990s. The first to raise a real estate fund, when the sector was opened up for foreign direct investment in 2005. Building on our strengths, we ventured into the promising Asian markets with two pan-Asian Funds, which undertook investments in India, China and South East Asia. We then focused our attention to overseas expansion for driving the next level of growth, and opened offices in Dubai and Singapore

The global economic slowdown and the period of listlessness in India over the last couple of years has however led to a tempering of the Indian PE industry's growth curve, both in terms of fund raising and investments. The Indian Rupee depreciated by 33% over the last 3 years, having an adverse impact on the returns in US Dollar terms. Further, the currency volatility witnessed over the past year added to the hesitation of offshore investors to commit fresh capital to India. Fundraising was down, with India dedicated funds raising US\$ 1.2 billion in 2013 as against US\$ 2.6 billion in 2012 and US\$ 6.9 billion at its peak in 2008. India dedicated fund's share in Emerging Asia's PE capital allocation was down to 4% compared to 18% in 2008. Private equity investments in India fell from US\$ 6.2 billion in 2011 to US\$ 3.5 billion in 2013

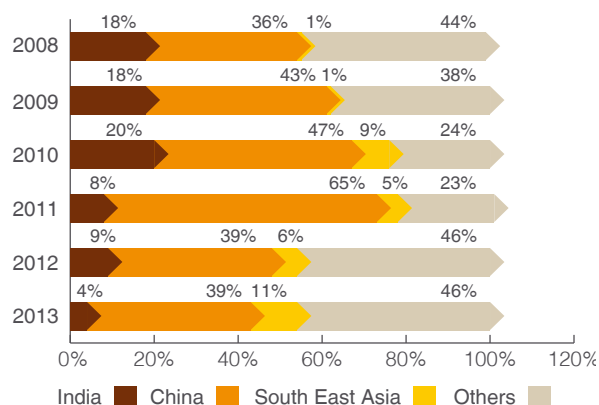
However, the period of subdued sentiment and general sense of despondency seems to be coming to a close. Two key events contribute to this change. For one, the new Central Government has the support of a strong mandate, on the back of which the Government is expected to unleash a series of game changing reforms, improve governance, unshackle industry, and boost investment environment. While the outcomes will take another year or two to have a measureable impact, the change in sentiment is clearly perceptible even now

Another key reason for the change in outlook has been the global economy, which is now on the path of recovery, with robust growth forecasts in the developed economies such as Germany, Japan, UK and USA. Global GDP is expected to grow at 3.6% in 2014, compared to 3.0% in 2013, accelerating further to 3.9% in 2015. The impact of the recovery is also visible in the increased deal activity and stronger public equity markets. The PE funds in developed economies have benefited with increase in exits and distribution to investors. On the back of heightened activity levels, the investors have committed fresh capital to PE funds and the global PE investible capital increased 14% in 2013 to US\$ 1,077 billion, with US\$ 461 billion of fresh commitments

Over the next few years, as the macro-economic issues in the developed markets begin to settle down and growth revives in Emerging Markets, the focus will be back on these countries, resulting

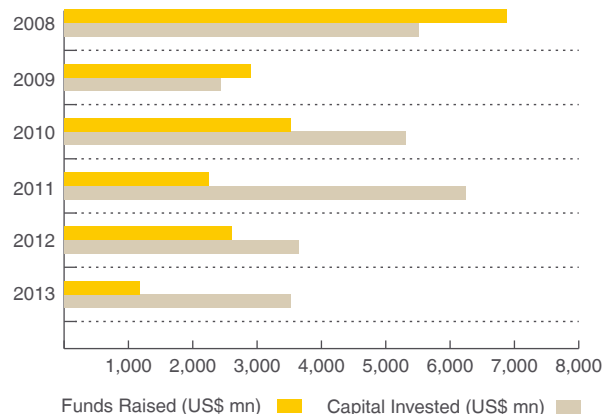
Indian Private Equity: Tempered growth curve...

Emerging Asia Fund Allocation



Source : Emerging Markets Private Equity Association

India Fundraising and Investment



Source : Emerging Markets Private Equity Association

in higher fund allocations. The increased level of divestments and return of capital to investors in the interim will lead to rebuilding of investable pool of capital. There is therefore a growing sense of optimism with respect to PE activity levels in Emerging Markets in general, and India in particular

Needless to add, there are challenges to be faced. Whilst Fund investors realize the potential of Emerging Markets, they have been disappointed by pace of exits. And while returns from Emerging Markets are attractive, the revival of the developed world also provides them with similar returns, alongside the comfort of a home market. Regulatory issues and scale of Government interface, especially in the Infrastructure sector, have also made investors wary of taking project development risk

There are opportunities in those challenges and our product and investment strategy needs to be nimble footed. We have initiated dialogue with Sovereign Wealth Funds and Institutional investors for partnerships and launch of new products in various Emerging Markets. We have discussed the changing needs, challenges and pain points faced by them from investing in India over the last decade and have come up with innovative products to cater to those requirements. For instance, leveraging our relationships and extensive presence, we are now advising international investors who had directly invested in India, but had limited on-the-ground presence

and understanding. These investors are now looking to leverage our asset management skills to monetize their portfolio. This advisory income, while being small at the moment, has the potential of scaling up. It also supplements our existing income streams and adds to the robustness of our business model. Likewise, recognizing a lower investor appetite for blind pool investing, and for project development risk, we are working with our investors to establish co-investment funds and offer yield based products

Many of these products differ fundamentally from our current offerings, in terms of tenor, distribution patterns, fund economics, class of investors etc. There is however an underlying constant. That of our team's deep investment sourcing experience and their rich asset management skills. Your Company will leverage these to build upon a platform which is capable of capturing the next growth wave that India is now poised to ride

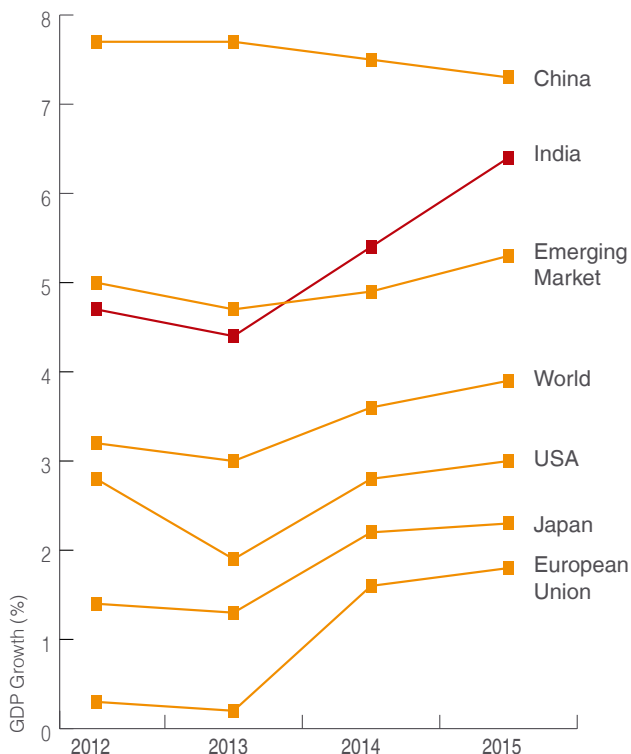
With best wishes,

Mr. Shahzaad Dalal
Vice Chairman

June 10, 2014

...now set for revival driven by growth and enhanced allocations

Improving Global Growth Prospects



Source : International Monetary Fund - World Economic Outlook, April 2014

Increasing Allocations

Investors looking to enhance allocations to Emerging Markets (EM) PE Funds over the next two years

■ Banks / Asset Managers / Insurance Cos. **63%**

■ Pension Funds **62%**

■ Funds of Funds (non-EM-focused) **50%**

■ Endowments / Foundations / Family Offices **38%**

Source : Emerging Markets Private Equity Association - Global LP Survey 2014

NOTES FROM THE CHIEF EXECUTIVE



Dr. Archana Hingorani
Chief Executive Officer & Executive Director

Dear Shareholder,

We are entering this fiscal on the back of two years which have seen India's growth and corporate performance faltering to its lowest in a decade. During this period India's attractiveness as an investment destination slipped from being the second most attractive amongst the Emerging Markets to being one of the least attractive

In this challenging environment, our priority was two-fold; to protect and preserve the value of the portfolio, and to ensure that we continue to provide reverse cash flows to the Fund investors. In this, we were tested to the hilt. With falling growth, slowdown in investment cycle, subdued EXIM trade and high interest rates, it was not a 'business as usual' scenario for our investee companies. Many of them have had to battle cost pressures and falling margins, constrained liquidity and cash flow issues. Others had to contend with delays in project implementation and higher project costs. Under these circumstances, our asset managers have worked with relentless focus to ensure that, at one end, growth is maintained; and at the other, the viability is not endangered. The outcome is that while asset valuations were under pressure, our investee companies have a firm base from which they can build upon, to take advantage of the impending growth upturn

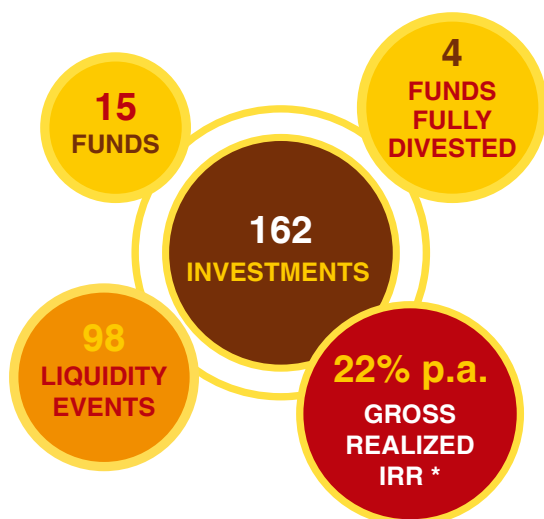
Our other priority of generating exits also faced headwinds. Depressed investment climate and lacklustre capital markets closed out one of the key exits paths for our investee companies. Our team leveraged its relationships and robust networks developed over the

last two decades; it effectively exploited the multiple divestment strategies available at its disposal and delivered remarkable results. During FY2014, your Company generated ₹9.7 billion of cash flows for its Fund investors. This cash flow was generated through 23 exits aggregating ₹8.6 billion and ₹1.1 billion of yield income. It is indeed notable that the exits were undertaken at 1.8 times of invested capital, in a market otherwise strewn with instances of capital write-downs. In all, we have generated ₹15.1 billion of reverse cash flows for our Fund investors over the last two very challenging years, and ₹32.5 billion over the last five years

Our focus towards harvesting our portfolio is not just premised on the need for orderly divestments dovetailed to the Fund life. More importantly, from your Company's perspective, this aspect of Fund management in fact lays the foundation for future growth in our Assets under Management (AUM), which, in turn, has a direct bearing on your Company's financial performance. The importance of delivering cash flow to Fund investors cannot be overstated. In a recent Global Limited Partner survey, one of the primary issues identified with investing in India was the weak exit environment. We have, through our exit track record, successfully addressed this specific concern of Fund investors, thereby preparing the ground for future fund raise initiatives

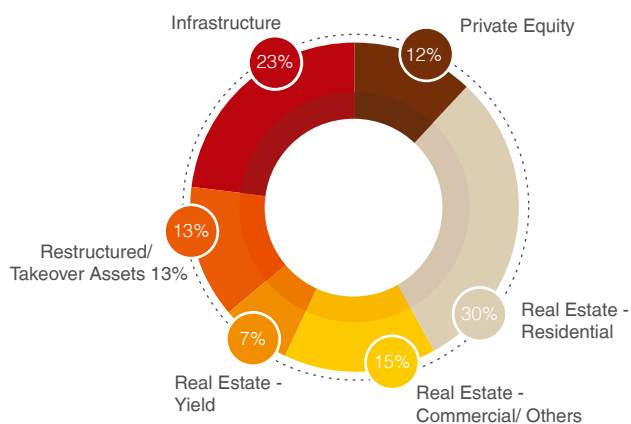
Needless to add, exit performance is but one of the issues which Indian assets managers have had to grapple with. Capital allocations to India have also suffered on the back of poor economic performance, regulatory (approval) risks, slippages in project implementation,

Rich Asset Management Experience



* Gross Rupee IRR for 65 fully divested Investments

Across Asset Classes



Based on Fund Commitments, except in case of RE-Residential and RE-Commercial/Others, which is based on amount invested

topped by currency volatility witnessed earlier during the year. In this regard, I believe, this year would ring in a refreshing change. The new Government has been welcomed with an emphatic rally in the public markets. The improved sentiment is driven by the expectation of investment friendly policy pronouncements and robust implementation

Improvement in the economic and investment environment is one part of the equation to bring back capital allocations to India. The onus of the other part is on us. That being to modify and, if necessary, change our product offering. Offshore institutional investors now have had a decade long presence in the country. They therefore have a greater understanding of the market and its challenges. They also have a country specific investment strategy in place. We will have to customize our offerings to fit these strategies. For instance, yield investing in infrastructure has significant appetite. Certain investors are looking at a greater say in the investment selection process – a co-investment pooled account framework would address their requirements. We have taken this as an opportunity to develop new innovative products, which can add different dimensions to our offerings and offer opportunity for fast track growth of the AUM. These products are also expected to smoothen out the episodic growth in AUM, which is otherwise typical to a classic PE product. We will also look to continue with our strategy of partnering with local Institutions, which complement our skill sets, as we enter new geographies, which we do intend to, over the course of this year

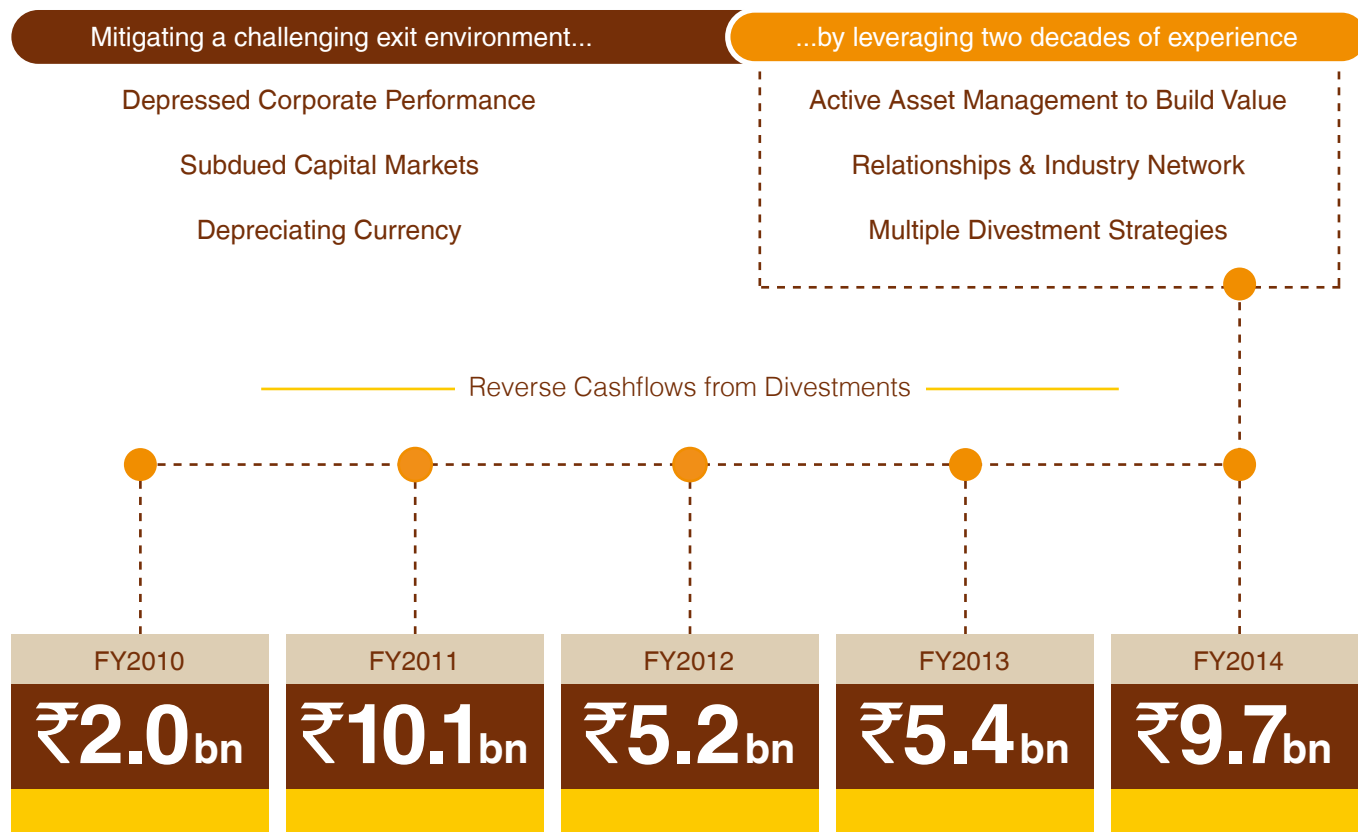
We have had a successful record of breaking new ground, like we did with Infrastructure and Real Estate in India, and in reaching new markets, which we did through our Asian Infrastructure Fund initiatives. The next few pages in this Annual Report will take you through this journey. We are therefore confident of crafting these new products. Many of these products are path breaking and would involve a higher degree of engagement with the investors. This may impact the fund raise timelines, and benefits may not fully accrue during the current year

Cognizant of this, we have worked upon rationalizing costs with a view to sustain financial performance. We have also strived towards enhancing shareholder value. A 1:2 bonus during FY2014, the third bonus issue since FY2007, coupled with consistent dividends, are part of these efforts. Today, as India stands on the cusp of Growth 2.0, your Company is confident of playing its part of delivering value to its Shareholders

With Regards,

Dr. Archana Hingorani
Chief Executive Officer & Executive Director

June 13, 2014



FINANCIAL HIGHLIGHTS

A Unique Business Model

Revenue Streams

- Management Fee - Typically a percentage of Assets under Management (AUM). Highly visible, annuity revenue stream over 6-10 years
- Carried Interest - Performance upside through profit share
- Income from Managed Accounts (for 3rd party investments) - Recurring fee & share of profits on exit

Investment Model

- Long-term investment horizon of 4-7 years
- Majority investments in unlisted companies
- Active investors with clear focus on value creation

Attributes of the Business Model

- Indirect exposure to growth potential of large unlisted companies
- Episodic fundraising followed by periods of asset management. Divestments pave the way for new Funds
- Low capital intensity

Delivering Performance

(₹mn)

Consolidated Financials	FY2010	FY2011	FY2012	FY2013	FY2014
Total Income	1,813	2,012	2,247	2,269	2,229
Total Expenses	856	1,107	1,294	1,258	1,222
PBT	957	905	953	1,011	1,007
PAT	738	690	735	766	725
PAT%	41	34	33	34	33
EPS ₹)	2.46	2.26	2.37	2.45	2.31

* Face Value of ₹2 per share. Adjusted for 1:2 Bonus Issuances in FY2013

Rewarding Shareholders

14x*

Increase in Share Price
since 2004

3

Three 2:1 Bonus
Issuances

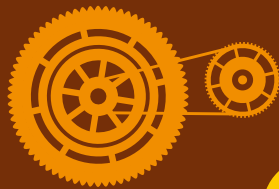
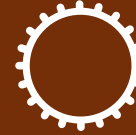
₹128

Cumulative Dividend
Per Share since 2004

1:5

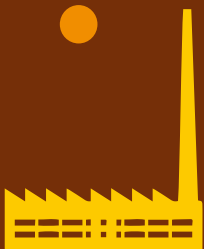
Stock Split
in 2009

* Share Price considered from 1st April 2004 till 15th June 2014, adjusted for splits and bonuses

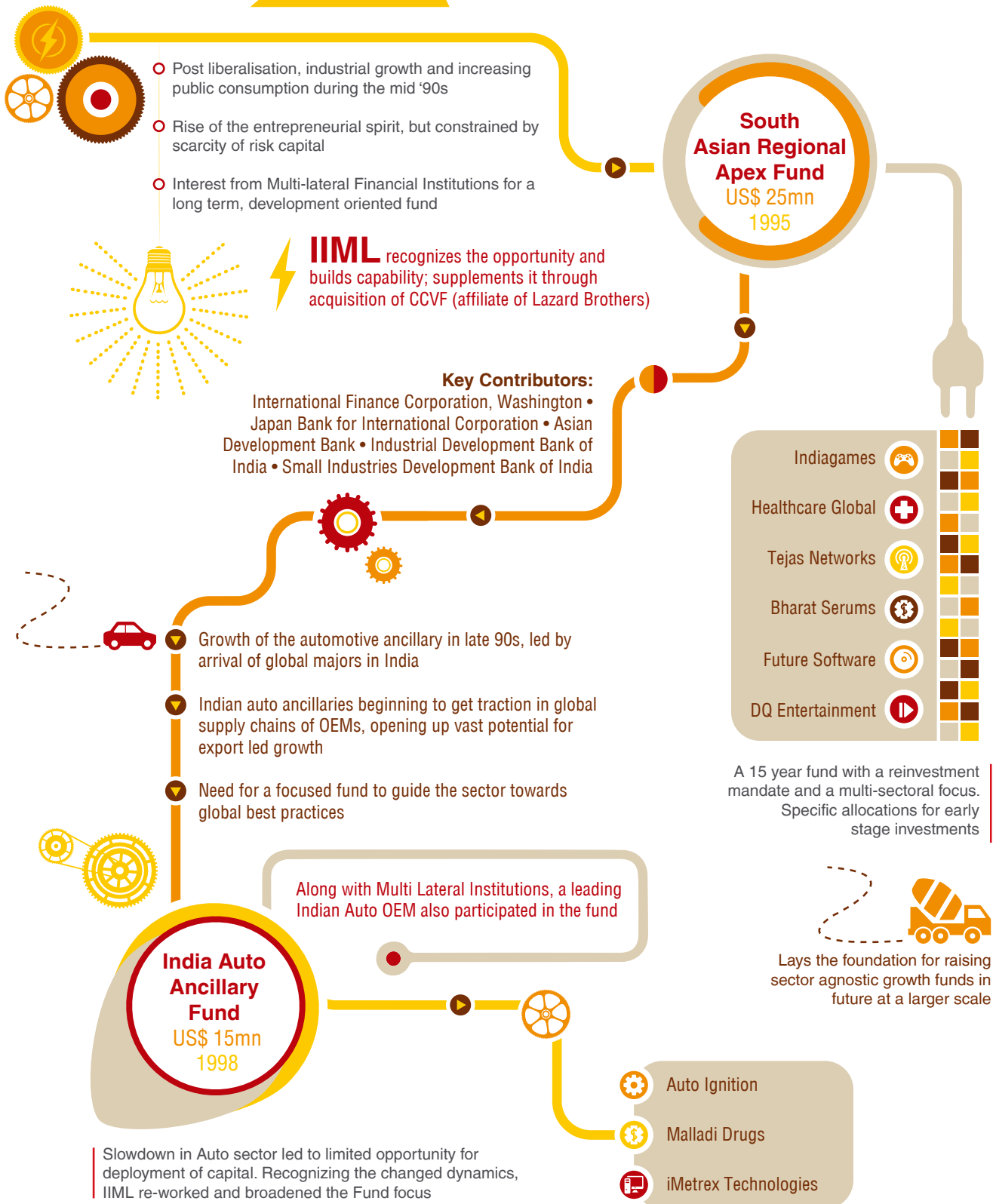


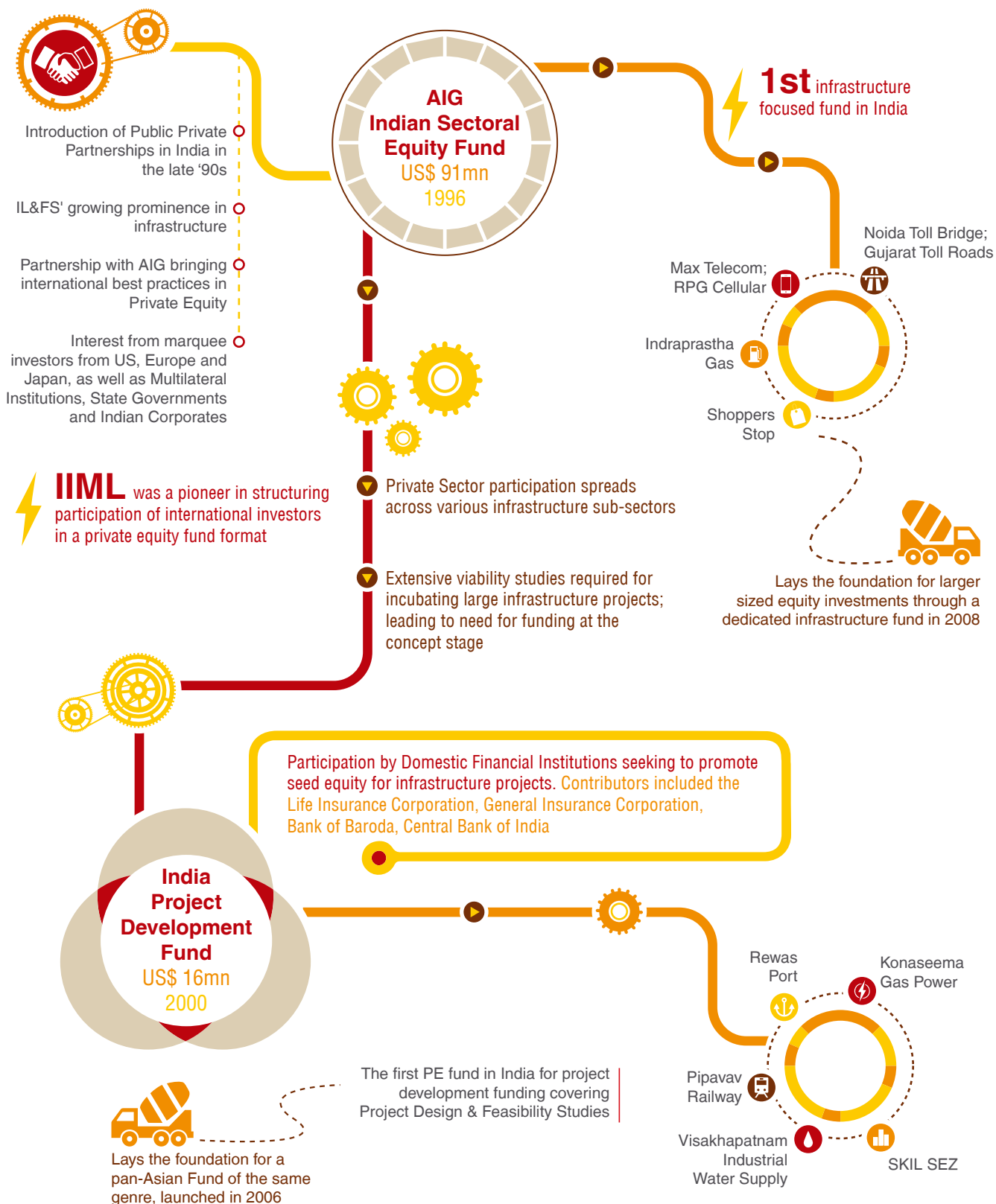
Locking step with the rise of Corporate India over the last two decades, IL&FS Investment Managers Limited (IIML) has been a pioneer in identifying growth trends, in recognizing upcoming sectors like Infrastructure and Real Estate, and in catering to the varying needs of a diverse investor base. It has put together a succession of Private Equity (PE) Funds since 1995 - Funds which help drive entrepreneurial ambitions; Funds which are

ENGINES OF GROWTH



FORMATIVE YEARS





EVOLUTION YEARS

- By early 2000s, IIML recognizes beginning of the growth cycle and the need for expansion capital
- With early and growth stage investment experience over the previous decades, IIML well placed to support growth ambitions of mid-market companies
- Attracted participation by Middle Eastern Investors alongside Indian banks and institutions

Godrej Beverages
ibn18 Broadcast Limited
Continental Warehousing
Sasken Communication
ABG Shipyard
Hotel Leelaventures
Spicejet Limited
JBF Industries
Gujarat Pipavav
Manipal Acunova

Leverage India Fund
US\$ 154mn
2004

Uniquely structured to address the varying risk appetites for different class of investors

The Fund exceeded its target size of US\$ 100 mn with a 1.5x oversubscription

26 investments across a wide range of sectors

Proprietary sourcing of deals through relationships developed over the previous decade dominates

The Fund now nearing full divestment. Mix of exit strategies delivered - strategic sale, trade sale, sale through public markets and buybacks

Five years of strong economic growth averaging ~8% p.a.

Mid sized companies look to private equity as the source of value added capital for their expansion programmes and to acquire global capability

Replication of the successful mid-market, growth investment strategy of Leverage India Fund

Tara India Fund III
US\$ 225mn
2007

Strong demand from Family Offices and HNIs from India & Overseas

DEN Networks
Electrosteel Steel
RSB Transmissions
SFO Technologies
JICS Logistic
The Mobile Store

The Fund created a more concentrated portfolio of 13 investments

Global economic downturn in 2009 mandated a measured approach to investing

The Fund is in its monitoring stage; divestments expected over the next 3-4 years

By mid 2000s, IL&FS Group seeks to expand in the Asian region. IIML looks to leverage on the Group's ambition

Replication of the successful strategy of investing in infrastructure projects at the project development stage

Partnered with Orix Corporation, Japan, which had presence in key Asian markets



Compared to its predecessor, this Fund attracted international investors and was nearly three times in size



A small step towards IIML's global ambitions. Offices now in Dubai, Mauritius and Singapore



Attractive infrastructure project metrics at implementation and operations stage, especially in India & China

Pan Asia Project Development Fund provided first hand experience of the Asian investment opportunity

Partnership with Standard Chartered Bank, which had a strong Asian presence, especially in China

Maharashtra Natural Gas



Worlds Window Infrastructure



Shalivahana Green Energy



The Fund made 7 investments and is now nearing full divestment

The Fund was raised despite the global financial crisis. Participation by Pension and Sovereign Wealth Funds



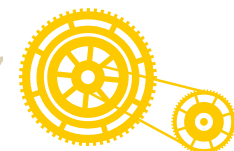
Focused on providing expansion capital for large infrastructure projects across Asia

Built a portfolio comprising operating toll roads, power plants, water treatment projects, and waste management services

Portfolio being actively managed to extract value over the next 3-4 years



Multi regional infrastructure investment experience being leveraged for new initiatives in other geographies



China

Meiya Power

Malaysia

Malakoff Corporation

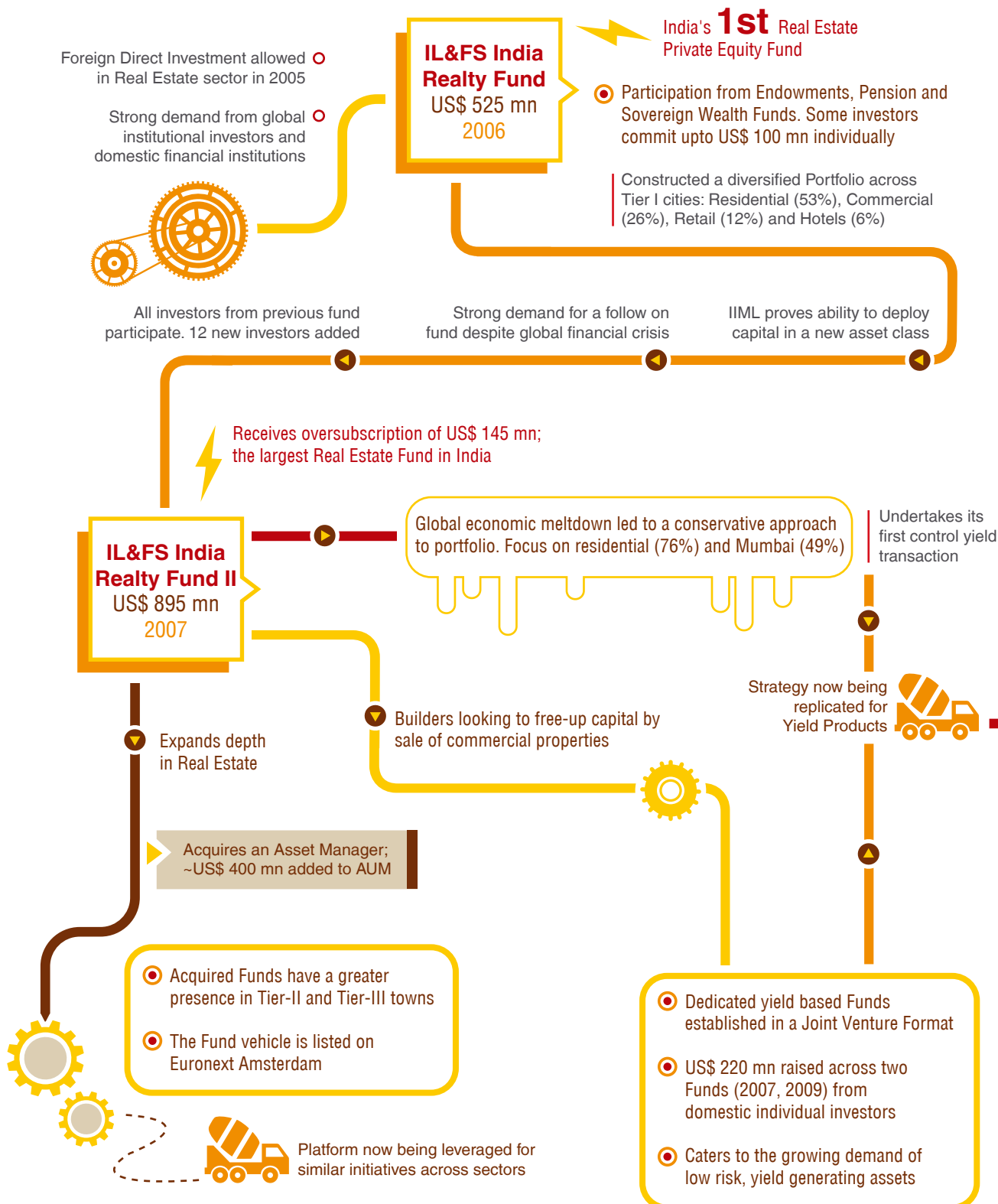
Indonesia

Navigat Group

India

Ramky Enviro Engineers

BUILDING A NEW ASSET CLASS



NEW HORIZONS

- Demand from both domestic and international investors for low risk, steady return investments
- Limited appetite for development risk

Yield / Mezzanine Products

- Investments in annuity like structures (operating power plants, toll roads, Commercial Real Estate)
- Control investments : Provide flexibility for cash extraction through regular yield and equity upside
- Strong capabilities built by IIML. Supported by IL&FS Group's operational capabilities

- Challenging environment for Offshore Investors having limited presence / understanding of India
- Assets facing host of operational issues and project development issues
- Difficulties in monetising

- Leverage IIML's understanding of market dynamics and operational experience
- Capitalize on IIML's relationships and divestment experience
- Manage asset monetization

Managed Accounts

- Demand for a customised portfolio and greater say in investment strategy
- Lower appetite for blind pool investing

- Flexible pools of discretionary capital

Co-Investment Fund Pools

- Investment experience in the Asian Region and local presence in Singapore and Dubai
- In-depth understanding of investment challenges in a developing economy
- Growing global presence of IL&FS Group with interests in China, South East Asia, Africa and Europe
- Multi-laterals and development finance institutions looking to invest in funds which promote development in identified regions

- New fund launches with focus on emerging markets
- Joint Ventures / Partnerships in new regions for operational support

Regional Funds



Express Trade Towers-1, Delhi NCR

Acquired a 350,000 sq ft landmark commercial building located in the 'Media Hub' of National Capital Region. The asset is fully leased commanding a 15-20% premium over market, with yields of over 12% p.a. Marquee tenants include CNBC, Network18, JC Penney, etc. IIML has a dedicated team for tenant relationships and asset management

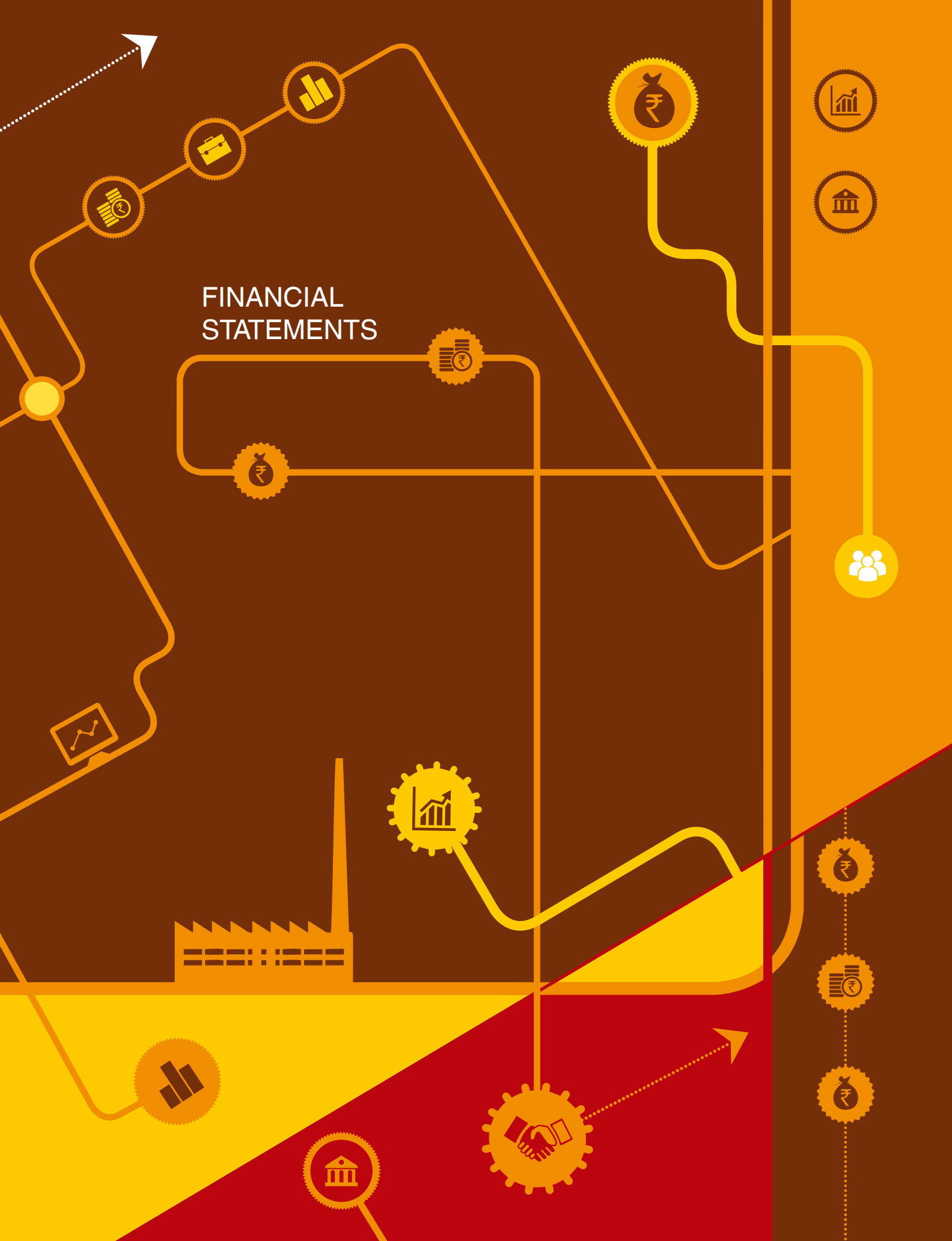
Excellent 'Yield' play with quarterly distributions and long term capital appreciation

A Managed Account Mandate

An international investor with a 400 acre real estate asset in Western India facing impediments in development and monetization sought IIML's expertise. The mandate is to create an optimal project structure, craft a marketing strategy and identify development partners. It will act as a project manager once the joint development commences and will prepare an exit strategy to monetise the asset

Long term mandate with regular income plus an upside of success fee

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 Eighth Annual Report with the Audited Financials of the Company for the year ended March 31, 2014

FINANCIAL ACHIEVEMENTS AND DIVIDEND

	For the year ended March 31, 2014 (₹ mn)	For the year ended March 31, 2013 (₹ mn)	For the year ended March 31, 2014 (₹ mn)	For the year ended March 31, 2013 (₹ mn)
	Standalone	Standalone	Consolidated	Consolidated
Total Income	1,211.15	1,032.12	2,228.82	2,269.27
Profit before Taxation	763.56	615.77	1,007.44	1,011.39
Provision for Taxation	225.94	191.34	278.81	244.73
Net Profit after Taxation	537.62	424.43	724.87*	766.30*
Profit available for appropriation (Inclusive of balance carried forward from the previous year)	669.90	535.00	2,490.02	2,172.25
Appropriations :				
General Reserve	55.00	43.00	64.45	47.38
Dividend (inclusive of dividend tax)	454.84	366.10	474.37	366.61

* after Minority Interest

DIVIDEND

During the year, your Company achieved a net profit after tax of ₹ 537.62 mn. Your Directors recommend a dividend of ₹ 1.30 per share of face value of ₹ 2/- each. The total amount of dividend is ₹ 454.84 mn (inclusive of dividend tax of ₹ 47.17 mn)

REVIEW OF OPERATIONS

The global economy faced multiple challenges during 2013, led by the recession in Europe, slowdown in China and fears of a fiscal cliff in United States. The business confidence is however recovering, with robust growth forecast in large economies such as USA, Japan, Germany and UK. The global economic growth is projected to increase from 3.0% in 2013 to 3.6% in 2014 and further to 3.9% in 2015

The growth outlook in Emerging Markets (EMs) is however not as robust. During the past year, many EMs have witnessed slowing growth and pressure on their currencies. The business confidence in China, Brazil, India and South Africa fell to record lows. In India, growth slowed to sub 5% for two consecutive years, the lowest in a decade. This was on account of India's macroeconomic imbalances, structural weaknesses and falling investments, as also due to the tightening of global liquidity. As an outcome, India faced pressure on the currency front and witnessed portfolio debt outflows

In response, the government took positive policy measures, which have resulted in narrowing of the current account deficit and improved capital inflows. Growth recovery in the developed economies would drive exports, which coupled with the recent policy action, is expected to result in a growth of 5.6% in FY2015. This expectation is however contingent on a normal monsoon, lower inflation and interest rates

The global Private Equity (PE) industry mirrored the improved growth outlook, especially in the developed markets, and witnessed stronger PE exits and distributions. This resulted in improved fundraising, on the back of which the global investible capital increased 14% to \$ 1,077 billion. However, in line with the guarded expectations in the EMs, fundraising in EMs came down in 2013. EM fund allocation fell to 12% of global PE funds, down from 20% in 2012. PE investors have been circumspect in committing further capital to EM Funds, given the lack of exits and lower than expected returns

The Private Equity space in India was amongst the most impacted in the EMs. India focused funds raised US\$ 1.2 billion in 2013, less than half of 2012 levels. The share of India focused funds' allocation in Emerging Asia also fell to 4% in 2013, down from 9% in 2012. PE Funds in India focused on divestments and generating cash flow for investors over the last year. However, given the subdued market for IPOs and lower corporate M&A activity, the exit environment in India was challenging. Key Funds managed by IIML have completed their investment period, and the Company's focus has been on delivering exits. Towards this end, substantial progress was made during FY2014. The Company generated ₹ 9.7 billion of cashflows from its Fund investments, 23 exits, at 1.8 times of invested capital. This compares well with the cash flows of ₹ 5.4 billion generated in FY2013

The primordial focus of the Company has been on raising fresh funds, in an increasingly difficult economic environment. The economic slowdown, poor dollar returns on the back of significant currency devaluation, and policy inaction have prompted most investors to await changes in government before relooking at India as an investment option. Despite this, the Company received commitments from Indian Institutions and offshore investors for its growth Fund. In the Middle East, encouraging response was generated from family offices for a Middle East centric Fund. Towards, creating alternate revenue streams, IIML also leveraged its asset management experience and industry relationships to create asset management services for investments undertaken by third parties. Other revenue streams from co-investments are also being pursued

On a consolidated basis, the Total Income for the Financial Year 2013-2014 was ₹ 2,228.82 mn and the Total Expenses for the year were ₹ 1,221.37 mn and the resultant Profit after Tax on a consolidated basis for the Financial Year 2013-2014 was ₹ 724.87 mn (after minority interest)

On a standalone basis, the Total Income of the Company for the Financial Year 2013-2014 was ₹ 1,211.15 mn and the Total Expenses for the year were ₹ 447.59 mn and the resultant Profit after Tax for the Financial Year 2013-2014 was ₹ 537.62 mn

FUTURE OUTLOOK

An improvement in India's GDP growth, albeit marginal, is expected during FY2015. The reduction in fiscal and current account deficits, strengthening of the currency, increased capital inflows and improved sentiment in the public markets support the expectation of growth recovery during FY2015. However, policy actions of the new government, inflation trend, course of the monsoon, and stability in the global markets would be key imperatives for growth expectations to play out

The improvement in the macroeconomic outlook augurs well for the Company's fund raising plans. On the back of an impressive divestment track record over the last two years, the Company will intensify its marketing efforts and will engage with investors for multiple new offerings such as yield based products, products targeting social and sustainability based investing and products straddling geographies. Many of these products are path breaking and would require a higher degree of engagement with the investors. Fund Close timelines would therefore be extended, and results would pan out over this and the next financial year

Key Funds managed by the Company have completed their defined Fund Term. Coupled with divestments, fee income from these Funds would reduce substantially during FY2015. The new products being developed by the Company would moderate this reduction in fee income. Success of these new products would be driven by an expected improvement in the investment climate, and based on efforts undertaken thus far, the Company is confident of delivering the next round of growth in assets under management

DIRECTORS

Mr Ramesh Bawa and Mr Shahzaad Dalal shall retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment

Mr S M Datta, Mr Bansi Mehta, Mr Siddharth Mehta & Mr Jitender Balakrishnan, Independent Directors of the Company shall be appointed as Independent Directors not liable to retire by rotation for a fresh term of 5 years in accordance to Section 149 of Companies Act, 2013

Declaration to the effect that the proposed appointees meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges has been received from each of the aforesaid Independent Directors

STATUTORY AUDITORS

The Statutory Auditors of the Company M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, Registration Number 117366W/W-100018, 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 LLP under Section 139(1) and Section 141 of the Companies Act, 2013 confirming their eligibility for re-appointment. M/s Deloitte Haskins & Sells LLP, 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. Accordingly, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai are being re-appointed as the Statutory Auditors of the Company for a period of three years, subject to annual ratification of the same by the shareholders

INCREASE IN SHARE CAPITAL

The Company has allotted during the year 104,530,705 equity shares of ₹ 2/- each as Bonus shares in the ratio of One share for every Two shares held

During the year your Company also allotted 157,500 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 viz., IL&FS Asian Infrastructure Managers Limited, IL&FS Urban Infrastructure Managers Limited and IIML Asset Advisors Limited and three offshore subsidiaries viz., 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 forms 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 Total Income for Financial Year 2013-2014 was ₹ 19.37 mn inclusive of Income from Investments and Other Income of ₹ 3.99 mn. The Total Expenses of IAIML for the year were ₹ 10.98 mn and the resultant Profit after tax for the year was ₹ 7.67 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 the PMDO Facility stands at ₹ 50 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, 2014, projects for a term loan of ₹ 36.04 bn have been sanctioned from the PMDO facility and the assets under management were at ₹ 17.20 bn

The Total Income for the Financial Year 2013-2014 was ₹ 175.98 mn inclusive of Income from Investments and Other Income of ₹ 3.20 mn. The Total Expenses of IUIML for the year were ₹ 111.79 mn and the resultant Profit after Tax for the year was ₹ 43.30 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 2013-2014 was ₹ 116.66 mn. The Total Expenses of IAAL for the year were ₹ 77.82 mn and the resultant Profit after Tax for the year was ₹ 27.71 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

The Total Income of IAL for the Financial Year 2013-2014 was US\$ 25.75 mn. The Total Expenses of IAL for the year was US\$ 20.93 mn and the resultant Profit after Tax for the year was US\$ 4.62 mn

IIML Advisors LLC :

IIML Advisors LLC has been set up for managing certain niche funds from Mauritius. The Company expects to commence business during the year

IIML Fund Managers (Singapore) Pte. Ltd. :

IIML Fund Managers (Singapore) Pte. Ltd (IFMPL) was incorporated for the purposes of managing funds from Singapore. The Company is currently acting as an advisor to a fund

The Total Income of IFMPL for the Financial Year 2013-2014 was US\$ 0.55 mn. The Total Expenses of IFMPL for the year was US\$ 0.91 mn and the resultant loss after Tax for the year was US\$ 0.37 mn

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 earnings and expenditure 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, 2014. 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, 2014 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, 2014 have been prepared on a going concern basis

ACKNOWLEDGEMENT

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

For and on behalf of the Board

S M DATTA
Chairman

Place : Mumbai
Date : May 5, 2014

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 year 2013-2014, the Company had a Bonus issue of one Bonus Share for every two existing Equity Shares held by the members. Accordingly the unexercised Options in the above schemes were adjusted so that the total value of the Options remains the same. The disclosures given below are after taking into consideration the enhanced Options under all the schemes

During the financial year 2013-2014, 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	:	13,518,825 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	:	37,815 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, 2014	:	Nil Options

* No. of options have been revised after considering the impact of the bonus issue

ESOP 2004

(1)	Options granted till date	:	25,312,500 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

Annexure to the Directors' Report

(10)	Options available for Grant in future	:	130,928 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, 2014	:	Nil Options

* No. of options have been revised after considering the impact of the bonus issue

ESOP 2006

(1)	Options granted till date	:	25,031,250 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	:	236,250 Options
(5)	Total number of shares arising as a result of exercise of Options	:	236,250 Shares
(6)	Options lapsed during the year	:	421,875 Options
(7)	Variation of terms of Options	:	No variations during the year
(8)	Money realised by exercise of Options during the year	:	₹ 2,562,000
(9)	Options vested but yet to be exercised	:	440,625 Options
(10)	Options available for Grant in future	:	1,935,000 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, 2014	:	Nil Options

* No. of options have been revised after considering the impact of the bonus issue

All the Options granted till date under ESOP 2003, ESOP 2004 & ESOP 2006 have either vested or lapsed on or before March 31, 2014 and accordingly there is no employee compensation cost for the year ended March 31, 2014

The Diluted Earnings Per Share pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard 20 is ₹ 1.71. 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, 2014 for compliance 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 LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 5, 2014

(I) Business Overview

The global economic outlook has improved considerably over the last 12 months. Last year, the fears over the 'fiscal cliff' in the United States, the recession in Europe and the rebalancing of China's economy were dampening growth prospects, and the business confidence was at its lowest since the financial crisis. The global economy grew at 3.0% in 2013, its slowest rate since 2009. Today, there is optimism with regard to a recovery of the global economy, due to robust growth forecast in large developed economies such as Germany, Japan, UK and USA. Given their scale, a recovery in these economies is likely to boost global growth to 3.6% in 2014, accelerating further to 3.9% in 2015

However, the outlook in many emerging markets is still guarded. Post the US Federal Reserve announcing plans to begin tapering of its huge quantitative easing programme, many economies have seen their currencies slide and growth suffer. Business confidence in China, Brazil, India and South Africa fell to record lows in 2013, and in Russia and Turkey to record lows since the financial crisis began. Confidence has rebounded in part, but with many of the emerging market economies suffering from slowing growth, sliding currencies and social unrest, 2014 could be a period of uncertainty, with an element of downside risk

In India, growth slowed markedly to sub 5%, the lowest in a decade, reflecting global developments and domestic supply constraints. Led by falling infrastructure and corporate investment, the slowdown has spread across other sectors. The financial position of banks and corporates have also deteriorated. The tightening of global liquidity increased external pressures and heightened the focus on India's macroeconomic imbalances (high inflation, large current account and fiscal deficits) and structural weaknesses (particularly supply bottlenecks in infrastructure, power and mining). This resulted in significant portfolio debt outflows, and pressures on currency and bond markets

More recently, positive policy measures, coupled with improving external conditions, have given a boost to the market. The current account deficit, after reaching a high of 4.7% in FY2013, has narrowed down to 2.0% in FY2014, and capital inflows have picked up. Propelled by global growth, improving export competitiveness and recent policy actions, GDP growth is expected to pick up to 5.6% in FY2015. However, persistent inflation, lower than normal monsoon and the resultant high interest rate regime could impede the investment sentiment and dampen GDP growth projections

Reflecting the global environment, the private equity (PE) industry in the developed markets also moved from uncertainty to guarded optimism. PE investors benefited from the stronger public equity markets and other exit channels, enabling increased distributions to limited partners (LPs). As new money flowed back into their coffers, LPs were able to refresh their PE commitments, breathing life into GP fund-raising campaigns. The Global PE investible capital increased 14% in 2013 to US\$ 1,077 billion, with US\$ 461 billion of fresh commitments

In contrast to the developed economies, private equity activity in emerging markets cooled down in 2014. Emerging markets private equity fundraising fell from US\$ 45 billion in 2013 to US\$ 38 billion. As per a study by Emerging Markets Private Equity Association (EMPEA), the LPs have been disappointed by lack of exits and failure to deliver returns by the emerging market funds. Returns from the emerging markets peaked at ~15% net average IRR from 2004 vintage funds, and have since underperformed the public markets. Accordingly, emerging market fund allocation fell from 20% of global PE funds raised in 2012 to 12% in 2013

India was amongst the worst hit in the emerging market economies, with India focused funds raising only US\$ 1.2 billion in 2013, as against US\$ 2.2 billion in 2011 and US\$ 2.6 billion raised in 2012. As per EMPEA, the share of India focused funds' allocation in Emerging Asia fell from 9% last year to 4% in 2013. Capital invested has fallen marginally from US\$ 3.6 billion in 2012 to US\$ 3.5 billion in 2013

From an exit perspective as well, the environment in India was demanding, with both public equity markets and corporate M&A activity down in 2013, leaving exit by way of a trade sale and buybacks as the most plausible divestment option. Not only did GPs face a range of narrower exit choices, there was pressure to generate cash flow, even at the cost of reduced returns. The number of exits increased by 30% while exit values remained stable

Going forward, driven by relatively higher GDP growth rates and rising middle class incomes, investor interest in emerging markets, and more specifically India, is expected to strengthen. However, while LPs plan to boost their emerging markets exposure, the pace of new commitments is likely to be slow in light of a significant quantum of un-invested capital and the challenges GPs have faced trying to unwind portfolio holdings and return capital to LPs

(II) Analysis of Performance for the year ended March 2014

(1) Business Review :

The year saw the end of Investment Period for the key Funds managed by the Company. As a result, fresh investments during FY2014 were at ₹ 247 million, compared to ₹ 7.7 billion in FY2013

The primary focus during the year has been to work closely with investee companies to generate optimum valuation and exit options. Despite FY2014 presenting a challenging environment for exits, the Company was able to achieve significant headway in generating cash flows. The year saw ₹ 9.7 billion of cash flow generated by 23 exits aggregating ₹ 8.6 billion, at 1.8 times of invested capital and ₹ 1.1 billion of yield income arising largely from the Real Estate portfolio. This compares well with the reverse cash flows of ₹ 5.4 billion generated in FY2013. On the back of these divestments, the Company expects to fully divest from two of its Funds in the next 12 months

During the year, the Company intensified its marketing efforts for raising a general purpose PE Fund in India as well as one targeted at the MENA region. The marketing for the India focused fund received a fillip with commitments received from Indian Institutions and offshore investors, on the back of which First Close is expected shortly

In the Middle East, while the Company did receive interest from family offices and pension funds, the decision making has been slower than anticipated. The Company had also initiated steps to replicate the successful pan Asian infrastructure investing platform through a co-investment approach. The Company will now seek to raise infrastructure products targeted at investors at various points along the risk-return spectrum. The Company has received interest in developing one such product in the yield based infrastructure space. Discussions in this regard have been initiated

The Company also worked towards diversifying its revenue model. Leveraging on its asset management expertise and industry relationships, the Company worked towards providing asset management services to offshore investors. At the onset, such services are being provided in the real estate segment, where the Company is actively advising on monetizing assets. Such services, while not generating significant revenue at present, have the potential of providing a significant upside in future. Similar structures for the other two verticals of infrastructure and growth are also being pursued

(2) Financial Performance :

The Company's financial performance is directly linked to the funds under its management. As the existing funds approach the end of their Term and as fee earning Assets Under Management (AUM) reduces on the back of portfolio divestments, the fee revenue for the Company reduces, thereby impacting profitability. Such reduction in fee income is typically offset by new fund raises. However, given the challenging environment, the Company could not attain Fund Close as per expected time lines

On a consolidated basis, the Total Revenue of the Company for the Financial Year 2013-2014 was ₹ 2,228.82 million. The resultant Profit after Tax on a consolidated basis for the Financial Year 2013-2014 was ₹ 724.87 million

(III) Outlook for Financial Year 2014-2015

There are early signs that growth has bottomed out in India. Reduction in twin deficits, increase in capital inflows, strengthening of currency and the surge in stock market indices all point towards improved outlook. However, these expectations would be contingent on continued fiscal consolidation, a normal monsoon, the interest rate softening and the inflation cooling down. The actions of the new government will have a significant bearing on the pace of policy reforms, improvement in investment climate and on the public market sentiments. Stability in global markets and sustained demand from the industrialized nations are also imperative for the growth playing out along expected lines

The improvement in the macroeconomic outlook augers well for the Company's fund raising plans. Furthermore, a track record of successful divestments provides significant leverage to the Company's fund marketing efforts. The Company has generated substantial cash flows during FY2014 and would continue to focus on building a divestment pipeline and return of capital to LPs during FY2015 as well

Three of the Company's existing Funds have completed their defined Fund Term. As a result, fee as a percentage of AUM from these Funds would reduce during FY2015. Accordingly, the Company has intensified its efforts on this count and is engaging with LPs for multiple new offerings in the infrastructure, general PE and real estate space. Many of these products are path breaking and therefore involve a higher degree of engagement with the investors. This would impact Fund raise timelines. Performance of the Indian economy and improvement in the investment climate would also be key to attainment of Fund raise expectations. Based on efforts thus far, the Company is confident of building a strong foundation for next round of AUM growth during the year

(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 developing innovative products for investors. Yield based products, products targeting social and sustainability based investing and products straddling geographies are being worked upon by an experienced team of in-house resources

While focusing on delivering new products, the Team has also, despite a challenging environment, been able to craft successful exits. The Company is confident that the Team will build upon this success and continue to deliver on generating returns for its investors. This in turn would form a strong base for future growth of the Company

The Company presently has 55 employees

(V) Internal Control Systems

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

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

Corporate Governance Report

(A) COMPANY PHILOSOPHY

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

(B) BOARD OF DIRECTORS

(1) Composition :

- As on March 31, 2014, the Company's Board comprises of a Non-Executive Chairman, a Non-Executive Vice Chairman, Seven Non-Executive Directors and one Executive Director. The Chairman of the Board is a Non-Executive Independent Director and more than one third of the Board comprises of Independent Directors
- None of the Directors hold Chairmanship of more than 5 committees or membership in more than 10 committees of public limited companies as stipulated under Clause 49 of the Listing Agreement
- All the Independent Directors of the Company have furnished a declaration that they satisfy the conditions of being independent as stipulated under Clause 49 of the Listing Agreement

(2) Board Meetings :

- The Board of Directors met five times during the Financial Year ended March 31, 2014 and the gap between two meetings did not exceed four months. The meetings were held during the year on April 30, 2013, July 22, 2013, October 25, 2013, November 1, 2013 and January 31, 2014
- The category of Directors, their attendance record at the Board Meetings held during the Financial Year ended March 31, 2014 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 22, 2013	No. of Directorships*	Committee Memberships #	Committee Chairmanships #
Mr S M Datta (Chairman)	NEID	5	Yes	12	6	2
Mr Ravi Parthasarathy	NED	5	Yes	11	–	–
Mr Banshi Mehta	NEID	5	Yes	13	9	3
Mr Jitender Balakrishnan	NEID	5	Yes	12	4	2
Mr Siddharth Mehta	NEID	5	Yes	2	–	–
Mr Arun Saha	NED	5	Yes	14	10	3
Mr Ramesh Bawa	NED	2	No	14	9	1
Mr Vibhav Kapoor	NED	4	Yes	5	3	–
Mr Shahzaad Dalal (Vice Chairman)	NED	5	Yes	7	4	–
Dr Archana Hingorani	ED	5	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 i.e. 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 Section 152 of the Companies Act, 2013, Mr Ramesh Bawa and Mr Shahzaad Dalal shall retire by rotation at the ensuing Annual General Meeting

The Board has recommended the re-appointment of Mr Ramesh Bawa and Mr Shahzaad Dalal as Directors to the shareholders of the Company

The Independent Directors Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan and Mr Siddharth Mehta shall be re-appointed as Independent Directors at the ensuing Annual General Meeting pursuant to Section 149 of the Companies Act, 2013 for a term of consecutive five years with effect from April 1, 2014

The Board has recommended the re-appointment of Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan and Mr Siddharth Mehta as Independent Directors

(d) Code of Conduct :

The Board has laid down a Code of Conduct for all its Board members and the senior management of the Company. The Code of Conduct as laid down by the Board has already been 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 2013-14. 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 the erstwhile 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 qualification, experience and background etc. of the candidate

Corporate Governance Report

Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges, the Board at its meeting held on May 5, 2014 has granted its consent for expanding the terms of reference of the Audit Committee

(3) Audit Committee Meetings :

The Audit Committee met four times during the Financial Year ended March 31, 2014 on April 30, 2013, July 22, 2013, October 25, 2013 and January 31, 2014 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 Bansi 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 a 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, 2014 on August 5, 2013. 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 Bansi Mehta	Member	1

(5) Details of Remuneration :

Details of Remuneration paid to the Wholetime Director during the Financial Year 2013-2014 :

Name of the Director	Salary (₹)	Perquisites (₹)	Total (₹)
Dr Archana Hingorani	2,76,83,204	2,829,869	3,05,13,073

The salary paid to Dr Archana Hingorani is inclusive of her retirement benefits (excluding Gratuity) and includes ₹ 1,10,00,000/- 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 2013-2014, 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 2013-2014, 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 2013-2014 to be paid to the Non-Executive Directors of the Company are as below :

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

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

(7) Details of Options Granted :

Details of Options granted to Non-Executive Directors during the year and shares held by them as on March 31, 2014 :

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, 2014:

Name of the Director	No. of Shares
Mr S M Datta	4,750,000
Mr Ravi Parthasarathy	1,350,000
Mr Banshi Mehta	3,493,750
Mr Arun Saha	269,928
Mr Vibhav Kapoor	843,750
Mr Shahzaad Dalal	2,750,309

Corporate Governance Report

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Board at its meeting held on May 5, 2014, granted its consent for renaming of the Committee as Nomination and Remuneration Committee (N&RC) and expanding the scope of N&RC. As Section 178 specifies that the Chairman of the Company shall not chair the N&RC, Mr Banshi Mehta has been designated as the Chairman of the N&RC in place of Mr S M Datta at the said Board meeting

(E) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

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

- (2) Composition :

The Shareholders'/Investors' Grievance Committee presently comprises of one Non-Executive Independent Director and one Non-Executive Director. The Committee met three times during the Financial Year ended March 31, 2014. 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	3
Mr S M Datta	Member	3

- (3) Mr Sanjay Mitra, Company Secretary, has been designated as the Compliance Officer
- (4) During the Financial Year 2013-14, the Company received 86 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	30	30
Mr Sanjay Mitra	30	30

- (6) Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Board at its meeting held on May 5, 2014, granted its consent for renaming of the Committee as Stakeholders Relationship Committee

(F) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company has constituted a Corporate Social Responsibility Committee on May 5, 2014 pursuant to the provisions of the Companies Act, 2013. The Committee comprises of three members viz., Mr S M Datta - Chairman, Mr Banshi Mehta and Mr Arun Saha, with any two members forming the quorum. The Committee has been constituted to :

- (1) Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company, as laid down in Schedule VII to the Act;
- (2) Recommend the amount of expenditure to be incurred on the CSR activities;
- (3) Instituting a transparent monitoring mechanism for implementation of the CSR activities undertaken by the Company

(G) GENERAL BODY MEETINGS

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

Date	Time	Location / Venue	Special Resolutions passed
July 22, 2013	12 noon	Indian Merchants' Chamber, Mumbai	No Special Resolution was 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

(2) Special Resolutions passed through Postal Ballot :

None of the resolutions approved at the last Annual General Meeting required postal ballot approval

During the year the Company issued bonus shares to its shareholders and the following resolutions were passed by the members through postal ballot to enable the issue of bonus shares:

- Increase in the Authorised Share Capital of the Company from ₹ 50,00,00,000/- (Rupees Fifty Crores Only) divided into 25,00,00,000 (Twenty Five Crores) Equity Shares of ₹ 2/- (Rupees Two Only) to ₹ 65,00,00,000/- (Rupees Sixty Five Crores Only) divided into 32,50,00,000 (Thirty Two Crores and Fifty Lakhs) Equity Shares of ₹ 2/- (Rupees Two Only)
- Alteration of Clause V of the Memorandum of Association of the Company to reflect the increase in the Authorised Share Capital of the Company
- Alteration of Article 3 of the Articles of Association of the Company to reflect the increase in the Authorised Share Capital of the Company
- Issue of 10,45,30,705 fully paid Equity Shares as Bonus shares in proportion to one Bonus Share for every two existing fully paid Equity Shares

Details of the aforesaid special resolutions passed through postal ballot are as under:

- Person who conducted the postal ballot exercise: The Board appointed Mr Jagdish Patel of M/s Jagdish Patel & Co., Practicing Company Secretaries, as Scrutinizer to conduct the postal ballot voting process. Mr Jagdish Patel conducted the process and submitted his report
- Procedure followed:
 - The Postal Ballot Notice and accompanying documents were dispatched to the shareholders under certificate of posting
 - A calendar of events along with the Board Resolution was submitted to the Registrar of Companies, Mumbai, Maharashtra
- Details of the voting pattern:

After scrutinizing all the ballot forms received, the Scrutinizer reported that the shareholders representing average 99.98% of the total voting strength voted in favour of the resolutions, based on which the results were declared and the resolutions were carried out with overwhelming majority

The resolution seeking approval of the shareholders under Section 186 of the Companies Act, 2013 requires voting by postal ballot as per Section 110 of the Companies Act, 2013 and it will be obtained during the year

(H) 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
- (4) No penalties and/or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets during the last three years
- (5) The Chief Executive Officer and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under Clause 49 (V) of the Listing Agreement
- (6) Some of the Independent Directors of the Company have been Directors of the Company in excess of nine years
- (7) The Company does not send any half-yearly report to the members of the Company
- (8) The Company does not have a system of peer group evaluation of the Non-Executive Directors and also does not have a system of training the Board members on the business model of the Company, the risk profile of the business parameters of the Company, their responsibilities as directors and the best ways to discharge them. The Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges requires the Company to have a system for evaluation of Directors and to provide training to Directors. The Company shall take necessary steps in this regard in FY 2014-15
- (9) The Company does not have a Whistle Blower Policy at present. However, as per the requirements of Section 177 of the Companies Act, 2013, the Company shall adopt a Whistle Blower Policy in the FY 2014-15

(I) MEANS OF COMMUNICATION

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

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

Corporate Governance Report

(J) GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting Day, Date and Time	:	Thursday, August 7, 2014 at 3.30 p.m.
Annual General Meeting Venue	:	Rangaswar Hall, Y.B. Chavan Centre, General Jagannathrao Bhosale Marg, Opposite Mantralaya, Mumbai 400 021
Financial Year	:	The Company follows April-March as its Financial Year
Board meeting to be held for approving financial statements for the quarter ending	:	
June 30, 2014		On or before August 15, 2014
September 30, 2014		On or before November 15, 2014
December 31, 2014		On or before February 15, 2015
March 31, 2015		On or before May 30, 2015
Book Closure	:	August 1, 2014 to August 7, 2014 (both days inclusive)
Dividend Payment	:	The dividend, if declared, by the shareholders at the AGM shall be paid/credited on or after August 7, 2014
Listing on Stock Exchanges	:	The Company has already paid the annual listing fees for the Financial Year 2014-15 to the Stock Exchanges (BSE and NSE) as well as custodial fees to the depositories within the prescribed time
Security Identification Number (ISIN)	:	INE050B01023
Scrip Code/Symbol	:	BSE : 511208, NSE : IVC
Corporate Identification Number (CIN)	:	L65999MH1986PLC147981

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

	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
Month	High (₹)	Low (₹)	No. of Shares	High (₹)	Low (₹)	No. of Shares
April 2013	21.95	19.50	5,99,110	22.00	19.60	13,62,942
May 2013	22.55	20.80	3,57,463	22.75	20.75	32,46,340
June 2013	21.95	20.55	7,00,770	21.80	20.70	26,07,102
July 2013	21.85	15.75	11,59,089	21.85	15.85	52,34,729
August 2013	17.50	14.75	6,87,731	17.95	14.70	20,07,269
September 2013	17.86	14.05	12,19,801	17.85	13.35	25,12,808
October 2013	19.49	14.86	15,51,486	19.45	14.85	38,20,603
November 2013	21.00	18.50	14,37,347	20.90	18.50	26,30,705
December 2013	20.65	12.55	12,69,788	20.20	12.60	49,03,718
January 2014	13.20	12.25	12,20,399	13.40	12.25	30,85,060
February 2014	12.84	11.70	5,08,915	12.75	11.65	18,30,065
March 2014	13.44	11.85	31,09,173	13.45	11.80	44,66,468

Corporate Governance Report

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, 2014 :

Sr. No.	Category	No. of Shares held	%
1.	Promoter	158,333,152	50.49
2.	Mutual Funds/Banks/Financial Institutions	12,862,627	4.10
3.	Foreign Institutional Investors	2,339,814	0.74
4.	Non-Residents Individuals	6,360,935	2.03
5.	Companies	15,472,974	4.94
6.	Resident Individuals	116,941,300	37.30
7.	Others	1,281,313	0.40
	Total	313,592,115	100.00

Distribution of Shareholding as at March 31, 2014 :

No. of Equity Shares	No. of Shareholders	% of Total	No. of Shares	% of Total
1 – 1000	9072	31.43	1850042	0.59
1001 – 2000	7255	25.13	5591744	1.78
2001 – 4000	5742	19.90	8826370	2.81
4001 – 6000	2683	9.29	6499973	2.07
6001 – 8000	859	2.98	2999028	0.96
8001 – 10000	608	2.10	2711088	0.87
10001 – 20000	1290	4.47	9074698	2.90
20001 and above	1358	4.70	276039172	88.02
Total	28867	100.00	313592115	100.00

Dematerialisation of Shares and Liquidity :

96.50% of the shares have been dematerialized as on March 31, 2014

Disclosure under Clause 5All 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

The Company has also initiated the process of transferring the Unclaimed Shares to the Unclaimed Suspense Account

Corporate Governance Report

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

As on April 1, 2013		Shareholders who approached the Registrars and Shares were transferred to them during the year		Balance as on March 31, 2014	
No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares
1701	1,666,410	25	32,725	1676	1,633,685

The Companies Act, 2013 :

As the Companies Act, 2013 has been notified, applicable provisions affecting the company will be implemented during the year 2014-2015

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

CODE OF CONDUCT CERTIFICATE

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

For IL&FS Investment Managers Limited

Archana Hingorani
Chief Executive Officer & Executive Director

Place : Mumbai
Date : May 5, 2014

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, 2014 as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges in India (hereinafter referred to as clause 49).

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 clause 49 of 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 LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 5, 2014

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, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and 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 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, 2014;
- (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
- 2. in paragraphs 4 and 5 of the Order.

3. 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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No.117366W/ W-100018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : May 5, 2014

(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 ₹ 330,000,000 during the year with one such party. At the year-end, the outstanding balance of such deposit was ₹ 190,000,000 and the maximum amount involved during the year was ₹ 270,000,000.
 - (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 ₹ 100,000 remaining outstanding as at March 31, 2014 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, 2014 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, 2014 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	15,860,813
Income Tax Act 1961	Income tax in demand.	Appeal under process to CIT (A)	Assessment year 2010-11	799,799

- (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 LLP**

Chartered Accountants
(Firm's Registration No.117366W/ W-10018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : May 05, 2014

Balance Sheet As At 31st March, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	627,204,230		417,827,820	
Reserves and Surplus	3	404,879,581	1,032,083,811	522,025,681	939,853,501
Non-Current Liabilities					
Long term provisions	4		16,875,896		26,146,905
Current Liabilities					
Trade payables		103,013,920		82,917,994	
Other current liabilities	5	26,915,760		23,046,099	
Short-term provisions	6	514,093,285	644,022,965	410,971,158	516,935,251
Total			1,692,982,672		1,482,935,657
ASSETS					
Non-current assets					
Fixed assets (net)	7				
Tangible assets		6,406,826		6,214,016	
Intangible assets		668,860		-	
Capital work in progress		-		842,700	
Non-current investments	8	424,837,260		136,659,488	
Deferred tax assets (net)	9	15,128,000		18,338,000	
Long term loans and advances	10	51,592,610		188,550,823	
Other non-current assets	11	-		41,301,850	
			498,633,556		391,906,877
Current assets					
Current investments	12	264,949,557		366,829,482	
Trade receivables	13	600,093,105		375,823,991	
Cash and Cash Equivalents	14	70,485,878		65,224,472	
Current Maturities of Long-term Loans & Advances	15	110,000,000		159,000,000	
Short-term loans and advances	16	127,946,940		83,949,556	
Other current assets	17	20,873,636	1,194,349,116	40,201,279	1,091,028,780
Total			1,692,982,672		1,482,935,657
The accompanying Notes are an integral part of the Financial Statements	1-33				

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 05, 2014

Statement of Profit and Loss For The Year Ended 31st March, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue :			
Revenue from Operations	20	942,992,154	906,481,399
Other Operating Income	21	208,171,540	104,322,243
Other Income	22	59,981,985	21,315,277
Total Revenue		1,211,145,679	1,032,118,919
Expenses :			
Employee benefit expense	23	288,078,343	270,374,875
Depreciation and amortisation expense	7	4,509,672	6,923,857
Other Administrative and Operating Expenses	24	154,998,670	139,051,214
Total Expenses		447,586,685	416,349,946
Profit before tax		763,558,994	615,768,973
Tax expense:			
- Current tax		222,730,000	195,980,000
- Deferred tax	9	3,210,000	(4,639,000)
Profit for the year		537,618,994	424,427,973
Earnings per equity share: (Equity shares of Face value ₹ 2/- each)	25		
- Basic		1.71	1.36
- Diluted		1.71	1.36
The accompanying Notes are an integral part of the Financial Statements	1-33		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai
Date : May 05, 2014

Cash Flow Statement For The Year Ended 31st March, 2014

(Amount in ₹)

			March 31, 2014	March 31, 2013
(A)	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX		763,558,994	615,768,973
	Adjustments for:			
	Depreciation		4,509,672	6,923,857
	Provision for Doubtful Advances		-	8,617
	Unrealised Exchange Gain		(8,078,104)	(3,039,402)
	Provision for Employee Benefits (Net)		(10,248,667)	4,891,041
	Net Profit on Sale of Investments		(6,302,515)	(922,226)
	Profit on sale of Fixed Assets (Net)		(48,466)	(156,898)
	Operating Profit before working capital changes		743,390,914	623,473,962
	Adjustments for changes in:			
	Decrease / (Increase) in Trade Receivables		(224,269,114)	(9,153,592)
	(Increase)/Decrease in Short Term and Long Term Loans and Advances		(10,936,468)	(8,564,725)
	Decrease/(Increase) in Other Current and Other Non-current Assets		68,707,597	(9,555,461)
	(Decrease)/Increase in Trade Payables and Other Current, Other Non-current Liabilities		18,794,271	(16,196,996)
	Cash Flow after Working Capital Changes		595,687,200	580,003,188
	Payment of Taxes (Net)		(206,862,579)	(194,434,796)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	A	388,824,621	385,568,392
(B)	CASH FLOW FROM INVESTING ACTIVITIES			
	Investment in Subsidiaries		(49,575,000)	(30,214,321)
	Purchase of Long-term Investments		(241,347,750)	-
	Proceeds from sale of Other Non-current Investments		8,908,235	4,006,312
	(Increase)/Decrease in Current Investments (Net)		102,019,183	(132,042,072)
	Inter Corporate Deposits/Loans Given		(330,000,000)	(66,000,000)
	Inter Corporate Deposits/Loans Refunded		484,575,000	175,000,000
	Purchase of Fixed Assets		(4,693,023)	(5,149,190)
	Proceeds from Sale of Fixed Assets		212,847	599,134
	NET CASH USED IN INVESTING ACTIVITIES	B	(29,900,508)	(53,800,137)
(C)	CASH FROM FINANCING ACTIVITIES			
	Proceeds from issuance of Share Capital at premium		2,562,000	10,367,600
	Dividend on Equity Shares (including dividend tax)		(359,719,498)	(363,094,333)
	NET CASH USED IN FINANCING ACTIVITIES	C	(357,157,498)	(352,726,733)
(D)	NET DECREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	1,766,615	(20,958,478)

Cash Flow Statement For The Year Ended 31st March, 2014

(Amount in ₹)

		March 31, 2014	March 31, 2013
Cash and Cash Equivalent at the beginning of the year as per Balance Sheet (refer note 14)		44,300,281	65,258,759
Less Unrealised Foreign Exchange (Gain)/ Loss		-	-
Cash and Cash Equivalent at the end of the year (refer note 14)		46,066,896	44,300,281
Reconciliation of Cash and cash equivalents with the Balance Sheet :			
Cash and cash equivalents as per Balance Sheet (Refer Note 14)		70,485,878	65,224,472
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]		(24,418,982)	(20,924,191)
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 14 *		46,066,896	44,300,281
* Comprises			
(a) Cash on hand		91,976	38,426
(b) Balances with banks			
(i) In current and fixed deposit accounts		44,592,242	44,261,855
(ii) In EEFC accounts		1,382,678	-
		46,066,896	44,300,281

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 LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Place : Mumbai

Date : May 05, 2014

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 to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. All income and expenditure having material bearing on the Financial Statements are recognised on an accrual basis

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

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

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

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

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

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

c) Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets

d) 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

e) Investments

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

f) 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
- iii) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss

g) Forward Contract 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 recognised in the Statement of Profit and Loss

h) 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

i) Employee Benefits

- i) The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees
- 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

j) Placement Fees Expense

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

k) 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 Statement of Profit and Loss in the period of substantive enactment of the change

l) Provisions, Contingent Liabilities and Contingent Assets

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

m) Cash flow Statements

i) Cash flows are reported using the indirect method, whereby profit 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

n) 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

i) Share Capital of the Company consist of the following:

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Authorised Share Capital		
325,000,000 Equity shares of ₹ 2/- each	650,000,000	500,000,000
(Previous Year 250,000,000 Equity shares of ₹ 2/- each)		
Issued , Subscribed and Fully Paid-up Capital		
313,592,115 Equity shares of ₹ 2/-each (As at March 31, 2013: 208,903,910 Equity shares of ₹ 2/- each) with voting rights	627,184,230	417,807,820
Add : Forfeited shares	20,000	20,000
	627,204,230	417,827,820

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

- ii) 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, 2014		As at March 31, 2013	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the year	208,903,910	417,807,820	208,275,410	416,550,820
Add : Allotment made towards Bonus Issue	104,530,705	209,061,410	–	–
Add: Allotment made towards ESOP shares exercised	157,500	315,000	628,500	1,257,000
At the end of the year	313,592,115	627,184,230	208,903,910	417,807,820

- iii) List of the shareholders holding more than 5% of the share capital as at March 31, 2014

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Infrastructure Leasing & Financial Services Limited, the Holding Company	158,333,152	50.49	105,055,435	50.29

- iv) Rights, preference and restrictions attached to equity shares:

The Company has one class of Equity Shares with face value of Rs. 2/- each. Each Share Holder has a voting rights in proportion to their holding of the paid up Equity Share Capital of the Company.

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

As at March 31, 2014, executives and senior employees held fully vested options of 440,625 equity shares of the Company, the exercise price for Stock Option outstanding as at March 31, 2014 is ₹ 12.80 and the weighted average remaining contractual exercise period is 2 months. Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights

- vi) 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 (₹)
2013–14	2	104,530,705	209,061,410
2012–13	–	–	–
2011–12	–	–	–
2010–11	–	–	–
2009–10	–	–	–

- vii) Proposed Dividend

The Company has proposed dividend for the year ended March 31, 2014, on Equity Shares @ ₹ 1.30 per share aggregating to ₹ 454,841,880/- inclusive of dividend distribution tax of ₹ 47,172,130/-

- viii) 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/-

ix) Shares reserved for issue under Options :

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

Particulars	ESOP 2003	ESOP 2004	ESOP 2006
Eligibility	Directors and Employees	Directors and Employees	Directors of the Company and Subsidiary Companies and Employees of the Company
Vesting period for options granted during the year	One year from date of grant	One year from date of grant	One year to Three year from date of grant
Exercise Period	Four years beginning from date of vesting	Four years beginning from date of vesting	Four years beginning from date of vesting
Method of Settlement	Equity	Equity	Equity

- The number of Options available for grant in future are as follows:

Particulars	ESOP 2003	ESOP 2004	ESOP 2006
Options available for grant in future	37,815	130,928	1,935,000

- 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	732,500	18.28
Granted during the year	—	—
Forfeited during the year	—	—
Exercised during the year	157,500	16.27
Lapsed during the year	281,250	18.45
Granted and outstanding at the end of the year	293,750	19.20
Vested and Exercisable at the end of the year	293,750	19.20
Additional option on account of bonus issue	146,875	—
Total Options outstanding at the end of the year	440,625	12.80

* Determined at the time of grant

- 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
- 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
- No Options were granted during the year
- The weighted average market price at the dates of exercise for options during the year was ₹ 15.60

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

3) Reserves & Surplus

The movement in Reserves and Surplus are as under :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Securities Premium Reserve		
Balance as per previous Balance Sheet	141,638,254	132,527,654
Add: Premium on ESOP shares issued during the year	2,247,000	9,110,600
Less : Utilised during the year for Issuing bonus shares	(143,885,254)	–
Balance at the end of the year	–	141,638,254
General Reserve		
Balance as per previous Balance Sheet	255,000,000	212,000,000
Add: Appropriation from Profit and Loss Account	55,000,000	43,000,000
Less : Utilised during the year for Issuing bonus shares	(65,176,156)	–
Balance at the end of the year	244,823,844	255,000,000
Surplus in Statement of Profit and Loss		
Balance as per previous Balance Sheet	125,387,427	110,570,148
Add: Profit for the year	537,618,994	424,427,973
Add :Reversal of Excess Dividend tax	6,891,196	–
Less : Appropriation for Dividend (including Dividend tax)	(454,841,880)	(366,610,694)
Less: Transferred to General Reserve	(55,000,000)	(43,000,000)
Balance at the end of the year	160,055,737	125,387,427
	404,879,581	522,025,681

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, 2014 (₹)	As at March 31, 2013 (₹)
Provision for Employee benefits	16,875,896	26,146,905
	16,875,896	26,146,905

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

(i) Defined–Contribution Plans

The Company has recognised ₹ 11,475,210/– (Previous year – ₹ 10,332,554/–) 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 ₹ 4,315,633/– (Previous year ₹ 12,589,113/–) 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, 2014	For the year ended March 31, 2013
	Discount Rate	9.33%	8.25%
	Rate of Return on Plan Assets	8.70%	8.70%
	Salary Escalation	6.50%	6.50%
	Mortality Table	Indian Assured Lives mortality (2006–2008) ultimate	Indian Assured Lives mortality (2006–2008) ultimate
II.	Table Showing Change in Benefit Obligation:	March 31, 2014 (₹)	March 31, 2013 (₹)
	Liability at the beginning of the year	70,386,735	64,355,012
	Interest Cost	5,806,906	5,141,164
	Current Service Cost	6,737,153	5,302,713
	Liability Transfer In	—	—
	Liability Transfer Out	—	—
	Benefit Paid	(1,961,538)	(4,270,962)
	Actuarial (gain)/loss on obligations	(3,614,080)	(141,192)
	Liability at the end of the year	77,355,176	70,386,735
III.	Tables of Fair value of Plan Assets :	March 31, 2014 (₹)	March 31, 2013 (₹)
	Fair Value of Plan Assets at the beginning of the year	79,162,642	68,471,354
	Expected Return on Plan Assets	6,887,150	5,888,536
	Contributions	10,981,098	8,928,698
	Transfer from other Company	—	—
	Transfer to other Company	—	—
	Benefit Paid	(1,961,538)	(4,270,962)
	Actuarial gain/(loss) on Plan Assets	(27,058)	145,016
	Fair Value of Plan Assets at the end of the year	95,042,294	79,162,642
	Total Actuarial Gain/ (Loss) to be recognised	3,587,022	286,208
IV.	Actual Return on Plan Assets :	March 31, 2014 (₹)	March 31, 2013 (₹)
	Expected Return on Plan Assets	6,887,150	5,888,536
	Actuarial gain/(loss) on Plan Assets	(27,058)	145,016
	Actual Return on Plan Assets	6,860,092	6,033,552

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

		March 31, 2014 (₹)	March 31, 2013 (₹)	March 31, 2012 (₹)	March 31, 2011 (₹)	March 31, 2010 (₹)
V.	Amount Recognised in the Balance Sheet:					
	Liability at the end of the year	77,355,176	70,386,735	64,355,012	47,233,591	34,870,344
	Fair Value of Plan Assets at the end of the year	95,042,294	79,162,642	68,471,354	39,070,428	33,276,043
	Difference	17,687,118	8,775,907	4,116,342	(8,163,163)	(1,594,301)
	Unrecognised Past Service Cost	—	—	—	—	—
	Amount Recognised in the Balance Sheet	17,687,118	8,775,907	4,116,342	(8,163,163)	(1,594,301)
VI.	Expenses Recognised in the Statement of Profit and Loss:		For the year ended March 31, 2014 (₹)		For the year ended March 31, 2013 (₹)	
	Current Service Cost		6,737,153		5,302,713	
	Interest Cost		5,806,906		5,141,164	
	Expected Return on Plan Assets		(6,887,150)		(5,888,536)	
	Net Actuarial (Gain)/ Loss To Be Recognised		(3,587,022)		(286,208)	
	Expense Recognised in Statement of Profit and Loss		2,069,887		4,269,133	
VII.	Balance Sheet Reconciliation :		March 31, 2014 (₹)		March 31, 2013 (₹)	
	Opening Net Liability / (Asset)		(8,775,907)		(4,116,342)	
	Expense as above		2,069,887		4,269,133	
	Transfer from other Company		—		—	
	Employers Contribution		(10,981,098)		(8,928,698)	
	Amount Recognised in Balance Sheet		(17,687,118)		(8,775,907)	
VIII.	Description of Plan Assets					
	Insurer Managed Funds		100%		100%	
		March 31, 2014 (₹)	March 31, 2013 (₹)	March 31, 2012 (₹)	March 31, 2011 (₹)	March 31, 2010 (₹)
IX	Experience Adjustments :					
	Experience adjustments on plan liabilities gain/ (loss)	3,955,888	2,079,803	12,962,572	(629,195)	(1,293,138)
	Experience adjustments on plan assets gain/ (loss)	(27,058)	145,016	1,134,703	378,444	257,575

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

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

(5) Other Current Liabilities :

- a) Other Current Liabilities consists of :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Unclaimed Dividend	24,418,982	20,924,191
Statutory Liabilities	1,560,762	1,242,238
Other Payables	936,016	879,670
	26,915,760	23,046,099

- b) Other Payables pertains to amount payable for employees Provident Fund and Professional Tax
- c) Unclaimed dividend of ₹ 24,418,982/- relates to the period from FY 2006–2007 to FY 2012–2013. During the year ended March 31, 2014 an amount of ₹ 920,601/- (Previous year: ₹ 859,368/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2006

(6) 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	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Provision for Employee Benefits	9,210,255	10,187,913
Provision for Tax	50,041,150	34,172,551
Provision for Dividend	407,669,750	313,355,865
Provision for Dividend Tax	47,172,130	53,254,829
	514,093,285	410,971,158

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

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Opening Balance	—	4,825,844
Add: Provision made during the year	—	—
Less: Provision reversed during the year	—	(4,825,844)
Closing Balance	—	—

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

7) Fixed Assets :

a) Tangible and Intangible Assets

Amount (₹)

	GROSS BLOCK (at Cost)			DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.04.2013	Additions/ Adjustments	Deductions/ Adjustments	As on 31.03.2014	Up to 31.03.2013	For the Year	Deductions/ Adjustments	Up to 31.03.2014	As on 31.03.2014
Description of Assets									
Tangible Assets :									
Furniture and Fixtures	9,616,714	1,087,197	(1,168,041)	9,535,870	5,852,277	1,526,992	(1,007,761)	6,371,508	3,164,362
Vehicles	936,331	–	–	936,331	349,005	234,082	–	583,087	353,244
Office Equipments	2,919,377	1,768,226	(212,939)	4,474,664	2,780,484	1,165,966	(212,922)	3,733,528	741,136
Data Processing Equipments	6,056,119	1,631,089	(986,378)	6,700,830	4,385,664	1,149,385	(982,294)	4,552,755	2,148,075
Lease Improvements	7,952,435	–	–	7,952,435	7,899,530	52,896	–	7,952,426	9
Total (A)	27,480,976	4,486,512	(2,367,358)	29,600,130	21,266,960	4,129,321	(2,202,977)	23,193,304	6,406,826
Intangible Assets (Other than internally generated) :									
Computer Software	5,134,186	1,049,211	–	6,183,397	5,134,186	380,351	–	5,514,537	668,860
Business Know-how, Management and Advisory Contracts	113,099,511	–	–	113,099,511	113,099,511	–	–	113,099,511	–
Total (B)	118,233,697	1,049,211	–	119,282,908	118,233,697	380,351	–	118,614,048	668,860
Total (A+B)	145,714,673	5,535,723	(2,367,358)	148,883,038	139,500,657	4,509,672	(2,202,977)	141,807,352	7,075,686

For The Year Ended 31st March, 2014

Previous Year

Amount (₹)

Description of Assets	GROSS BLOCK (at Cost)			DEPRECIATION / AMORTISATION			NET BLOCK As on 31.03.2013
	As on 01.04.2012	Additions/ Adjustments	Deductions/ Adjustments	As on 31.03.2013	Up to 31.03.2012	For the Year	Up to 31.03.2013
Tangible Assets :							
Furniture and Fixtures	9,236,708	1,311,794	(931,788)	9,616,714	5,096,276	1,570,764	5,852,277
Vehicles	1,021,978	429,404	(515,051)	936,331	349,718	244,818	349,005
Office Equipments	2,289,621	1,139,146	(509,390)	2,919,377	1,976,893	1,281,775	2,780,484
Data Processing Equipments	6,262,771	1,426,146	(1,632,798)	6,056,119	4,466,874	1,527,103	4,385,664
Lease Improvements	7,952,435	—	—	7,952,435	5,600,133	2,299,397	7,899,530
Total (A)	26,763,513	4,306,490	(3,589,027)	27,480,976	17,489,894	6,923,857	21,266,960
Intangible Assets (Other than internally generated) :							
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
Total (B)	118,233,697	—	—	118,233,697	118,233,697	—	118,233,697
Total (A+B)	144,997,210	4,306,490	(3,589,027)	145,714,673	135,723,591	6,923,857	139,500,657
							6,214,016

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

b) Capital Work in Progress :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Software Upgradation	—	842,700
	—	842,700

8) Non Current Investments

Non Current investment consists of :

	Particulars	Face Value (₹)	Quantity	Cost As at March 31, 2014 (₹)	Quantity	Cost As at March 31, 2013 (₹)
A	Trade Investments					
I	Investment in Equity Instruments (Unquoted)(Fully Paid-up)					
i)	Investment in subsidiaries					
	IL&FS Asian Infrastructure Managers Limited	10	2,341,837	23,418,370	2,341,837	23,418,370
	IL&FS Urban Infrastructure Managers Limited	10	1,000,000	10,000,000	1,000,000	10,000,000
	IL&FS Investment Advisors LLC	USD 1	57,000	855,190	57,000	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	145,000	84,707,823	65,000	35,132,823
				168,845,545		119,270,545
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
				3,018,500		3,018,500
iii)	Investment in Others					
	Avantika Gas Ltd	10	8,250	82,500	8,250	82,500
	Total Investment in Equity Instruments			171,946,645		122,371,545
II	Investment in Unquoted Redeemable Participating Shares (Fully Paid-up)					
	- Investment in subsidiaries					
	IL&FS Investment Advisors LLC	USD 0.01	1,00,000	45,010	100,000	45,010
	IIML Advisors LLC	USD 0.01	24,999,900	12,599,953	24,999,900	12,599,953
	Total Investment in Participating shares			12,644,963		12,644,963

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

	Particulars	Face Value (₹)	Quantity	Cost As at March 31, 2014 (₹)	Quantity	Cost As at March 31, 2013 (₹)
III	Investment in Units of Venture Fund (Unquoted)(Fully Paid-up)					
	South Asian Regional Apex Fund	5,000	-	-	64	292,980
	Leverage India Fund	1,000	100	100,000	100	100,000
	Infrastructure Leasing & Financial Services Realty Fund -Class C Units	100	500	50,000	500	50,000
	Infrastructure Leasing & Financial Services Realty Fund - Class A Units	100,000	860	86,002,037	-	-
	IFIN Realty Trust –Class C Units	10,000	10	100,000	10	100,000
	IFIN Realty Trust – Class A Units	1,000,000	74	74,266,100	-	-
	TARA India Fund III Trust – Class C Units	10,000	50	500,000	50	500,000
	TARA India Fund III Trust - Class A Units	1,000,000	76	75,526,206	-	-
	TARA India Fund III Trust - Class D Units	1,000,000	3	3,101,409	-	-
	TARA India Fund III Domestic Trust	1,000	500	500,000	500	500,000
	Urjankur Nidhi Trust	100	1,000	100,000	1,000	100,000
	Total Investment in Units of Venture Fund			240,245,752		1,642,980
	Total Investments (I+II+III)			424,837,260		136,659,488
	Aggregate book value of unquoted investments			424,837,260		136,659,488

9) 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, 2014 the timing difference has resulted in a net deferred tax liability of ₹ 3,210,000/-
- The net deferred tax asset recognised in the accounts as of March 31, 2014 are as follows:

Nature of Timing Differences	March 31, 2013 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	March 31, 2014 Asset/(Liability) (₹)
Net Depreciation	6,657,000	(322,000)	6,335,000
Retirement Benefits	12,248,000	(3,455,000)	8,793,000
Placement Fees	(567,000)	567,000	-
Total	18,338,000	(3,210,000)	15,128,000
Previous year	13,699,000	4,639,000	18,338,000

10) Long term Loans and advances :

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

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Secured , considered good :		
Staff Loan	337,350	476,294
Unsecured , considered good :		
Loans and advances given to Related Parties (refer note 30d)	-	135,575,000
Advance Tax (net of provision)	42,248,178	42,247,000
Security Deposits	48,000	45,000
Prepaid Expenses	8,959,082	10,207,529
	51,592,610	188,550,823

11) Other Non-Current Assets :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Interest accrued	-	41,301,850
	-	41,301,850

12) Current Investments :

The details of Current Investments are provided below :

Particulars	As at March 31, 2014			As at March 31, 2013		
Non Trade – Unquoted (at cost)						
Investment in Mutual Funds	Units	Face Value (₹)	Amount (₹)	Units	Face Value (₹)	Amount (₹)
ICICI Prudential Flexible Income Plan - Daily Dividend	189,415	100	20,027,919	196,395	100	20,765,850
ICICI Prudential Saving Fund -Regular Plan - Daily Dividend	199,794	100	20,025,817	-	-	-
Baroda Pioneer Treasury Advantage Fund - Institutional Daily Dividend Plan	29,652	1,000	30,364,606	29,995	1,000	30,025,047
DWS Ultra Short Term Fund - Institutional Daily dividend - Reinvestment	-	-	-	2,506,728	10	25,112,152
Templeton India Ultra Short Term Bond - Super IP	-	-	-	4,003,275	10	40,104,810
Templeton India Ultra Short Bond Fund Super Institutional Plan – Daily Dividend Reinvestment	4,026,657	10	40,420,251	-	-	-
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	-	-	-	29,959	1,000	30,000,000
Reliance Medium Term Fund - Daily Dividend Plan	-	-	-	1,614,094	10	27,594,395
Reliance Liquid Fund Treasury Fund - Treasury Plan - IP -DDR	535	1,000	818,515	14,393	1,000	22,002,574

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

Particulars	As at March 31, 2014			As at March 31, 2013		
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	403,540	100	40,473,815	483,492	100	48,395,006
Kotak Flexi Debt Scheme Institutional- Daily Dividend-Reinvest	-	-	-	2,221,686	10	22,322,395
Kotak Floater Long Term - Daily Dividend	-	-	-	2,288,456	10	23,067,181
Kotak Flexi Debt Plan A -Daily Dividend	1,992,380	10	20,018,440	-	-	-
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	2,003,997	10	20,057,804	2,997,332	10	30,000,000
TATA Floater Fund	40,346	1,000	40,487,986	-	-	-
SBI Ultra Short Term Debt Fund - Regular Fund- Daily Dividend	29,947	1,000	30,003,573			
HDFC Floating Rate Income Fund - Daily Reinvestment	223,277	10	2,250,831	-	-	-
			264,949,557			366,829,482
Aggregate book value of unquoted investments			264,949,557			366,829,482

13) 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, 2014 (₹)	As at March 31, 2013 (₹)
Unsecured, considered good : (outstanding for more than 6 months from the date they are due for payment)	222,666,360	33,952,987
Unsecured, considered good : (outstanding for less than 6 months from the date they are due for payment)	377,426,745	341,871,004
	600,093,105	375,823,991

14) Cash and Cash Equivalents :

Cash and Cash Equivalents consists of :

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
a) Cash on hand	91,976	38,426
b) Balance with Banks		
i) in Current Accounts	34,592,242	14,261,855
ii) in EEFC Accounts	1,382,678	-
iii) in Fixed Deposit Accounts	10,000,000	30,000,000
iv) in earmarked Accounts		
- in Current Accounts referring to unclaimed dividend accounts	24,418,982	20,924,191
	70,485,878	65,224,472

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 ₹ 46,066,896/- (Previous year ₹ 44,300,281/-)

15) Current Maturities of Long-term Loans and Advances :

Other Current Assets consists of :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Unsecured Considered Good :		
Loans and Advances given to Related Parties (refer note 30b)	110,000,000	110,000,000
Other Loans and Advances	-	49,000,000
	110,000,000	159,000,000

16) Short Term Loans and advances :

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

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Secured, considered good :		
Staff Loan	154,260	290,915
Unsecured, considered good :		
Loans and advances given to Related Parties (refer note 30b)	80,000,000	50,000,000
Prepaid Expenses	22,238,371	13,535,797
Service Tax Input Credit Available	3,463,045	3,439,036
Advances Recoverable in cash or in kind or for value to be received	22,091,264	16,683,808
	127,946,940	83,949,556

(ii) 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

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

17) Other Current Assets :

Other Current Assets consists of :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Interest accrued	11,350,974	37,088,868
Forward Cover Premium	2,391,662	1,159,730
Revaluation on derivative contracts	7,131,000	284,828
Unamortised Placement Fees	-	1,667,853
	20,873,636	40,201,279

18) Outstanding Commitments on Capital Account :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
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, 2014 (₹)	As at March 31, 2013 (₹)
Claims not acknowledged as debts:		
Income tax demand contested by the Company	33,335,456	33,404,542

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, 2014 (₹)	For the year ended March 31, 2013 (₹)
Fees from Fund Management and Advisory Services	942,992,154	906,481,399
Total	942,992,154	906,481,399

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

21) Other Operating Income :

a) Other Operating Income comprises of :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Dividend Income :		
From Subsidiaries	130,105,000	40,548,375
From joint venture	33,510,800	—
From Current non-trade Investments	11,636,796	16,662,693
Total (a)	175,252,596	57,211,068
Net gain/loss on sale of investments :		
Income from Venture Capital Fund units	6,163,257	893,241
Profit on sale of current non-trade Investments	139,258	28,985
Total (b)	6,302,515	922,226
Interest Income on		
- Fixed Deposits with Banks	1,811,615	1,515,997
- Other Deposits / Loans	24,804,814	44,672,952
Total (c)	26,616,429	46,188,949
Total (a+b+c)	208,171,540	104,322,243

b) Interest Income includes tax deducted at source of ₹ 2,658,751/- (Previous year ₹ 4,616,094/-)

22) Other Income :

a) Other Income comprises of :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Profit on sale of Fixed Assets	48,466	156,898
Miscellaneous Income	11,482,101	10,522,002
Foreign Exchange Gain	48,451,418	5,060,945
Income from sale of Duty Free Licenses	—	5,575,432
	59,981,985	21,315,277

b) Miscellaneous Income includes ₹ 10,399,100/- (Previous year ₹ 9,449,000/-) 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, 2014

23) Employee Benefit Expense :

Employee Benefit Expense include :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Salaries and Allowances	266,858,151	240,175,528
Contribution to Provident Fund and Other Funds	18,935,544	28,161,329
Staff Training and Welfare Expenses	2,284,648	2,038,018
	288,078,343	270,374,875

24) Other Administrative and Operating Expenses :

a) Other Administrative and Operating Expenses consists of :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Rent	38,292,567	36,845,214
Rates and Taxes	1,949,756	1,417,741
Electricity and Water Charges	861,322	778,619
Travelling and Conveyance	15,128,009	15,858,345
Debts/Advances Written Off	-	8,617
Insurance	4,059,998	2,895,176
Repairs and Maintenance	6,458,658	3,272,586
Legal and Professional Expenses	43,489,398	36,416,750
Brand Subscription Fees	12,901,488	13,034,424
Miscellaneous Expenses	31,857,474	28,523,742
	154,998,670	139,051,214

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

b) Amounts paid/payable to the Statutory Auditors :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
As Auditors	2,500,000	2,200,000
For audit of consolidated accounts	500,000	500,000
For Tax Audit	-	300,000
In any other capacity		
For taxation matters	622,000	450,000
For other services, certification etc	432,000	375,000
Out of Pocket Expenses	-	2,050
	4,054,000	3,827,050
The above fees are exclusive of service tax		

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

c) Earnings in Foreign Currency (on accrual basis)

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Fees from Fund Management and Advisory Services	773,282,923	690,536,246
Dividend Income	120,105,000	40,548,375

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

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Legal and Professional fees	11,712,264	131,743
Travelling Expenses	4,607,680	2,099,480
Conference and Seminar	2,778,363	1,028,316
Books and Periodicals	305,212	370,536
Subscription to association	1,738,350	520,960
Training	-	32,076

25) 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, 2014	March 31, 2013
Profit After Tax (₹)	537,618,994	424,427,973
Weighted Average Number of Equity Shares in calculating Basic EPS	313,516,170	312,799,900
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)	65,394	411,597
Weighted Average Number of Equity Shares in calculating Diluted EPS	313,581,564	313,211,497
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	1.71	1.36
(iii) Diluted Earnings per share (₹)	1.71	1.36

The Earning Per Share for the previous year have been recomputed taking into account the effect of the issue of bonus shares during the year in accordance with the Accounting Standard 20 –“Earnings Per Share”

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

26) 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, 2014 (₹)	March 31, 2013 (₹)
Not later than one year	7,159,965	5,431,363
Later than one year but not later than 5 years	12,575,204	10,712,117
Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Amount charged to the Profit and Loss Statement (on non- cancellable lease)	7,357,498	4,531,532
Amount charged to the Profit and Loss Statement (on cancellable lease)	30,515,069	31,893,682

27) 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

28) Derivatives and foreign currency Exposures :

a) The Company has following forward exchange contracts outstanding :

Particulars	As at March 31, 2014	As at March 31, 2013
No of Contracts	3	1
Notional amount (Sell)	\$ 5,000,000	\$ 3,140,334
Notional amount (Buy)	₹ 315,617,500	₹ 173,338,586

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, 2014	As at March 31, 2013
Receivables	\$ 4,453,030	\$ 3,154,881
Amount in ₹	267,626,212	171,591,762
EEFC Account Balance	\$ 22,995	-
Amount in ₹	1,382,678	-

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

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

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
1	Infrastructure Leasing & Financial Services Limited
Sr No	Subsidiaries
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
6	IIML Fund Managers (Singapore) Pte Ltd
Sr No	Fellow Subsidiaries *
1	IL&FS Financial Services Limited
2	IL&FS Securities Services Limited
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
9	IL&FS Education & Technology Services Limited
Sr No	Joint Venture Companies
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

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

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

i) Transactions with holding company

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2014 (₹)
Infrastructure Leasing & Financial Services Limited	Rent	30,995,069 (32,373,683)	
	Repairs and Maintenance Expenses – Others	525,960 (525,360)	
	Electricity Charges	325,360 (322,000)	
	Brand Subscription fees	12,901,488 (13,034,424)	
	Interest income on Term Deposits	20,334,454 (25,428,491)	
	Trade Payables		592,438 (378,277)
	Short Term Loans and Advances – Inter Corporate Deposits		80,000,000 (50,000,000)
	Current Maturities of Long-term Loans and Advances		110,000,000 (110,000,000)
	Maximum outstanding Inter Corporate Deposits during the year		270,000,000 (260,000,000)
	Other Current Assets – Interest accrued		7,072,398 (18,021,021)
	Other Non Current Assets – Interest Accrued		4,251,939 (Nil)
	Term Deposits placed	330,000,000 (60,000,000)	
	Repayment of Term Deposits	300,000,000 (160,000,000)	

(Figures in brackets represent figures of previous year)

ii) Transactions with subsidiaries

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2014 (₹)
IL&FS Asian Infrastructure Managers Limited	Fund Management and Advisory Fees	8,100,000 (13,510,000)	
	Short Term Advances – Other advances recoverable in cash or kind		535,282 (375,935)

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

IL&FS Investment Advisors LLC	Fund Management and Advisory Fees	767,646,162 (685,134,834)	
	Dividend Income	120,105,000 (40,548,375)	
	Trade Receivables		566,140,116 (341,601,136)
	Short Term Advances – Other advances recoverable in cash or kind		1,985,096 (791,193)
IL&FS Urban Infrastructure Managers Limited	Short Term Advances – Other advances recoverable in cash or kind		Nil (500)
	Dividend Income	10,000,000 (Nil)	
IIML Asset Advisors Limited	Short Term Advances – Other advances recoverable in cash or kind		8,665 (2,771)

(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, 2014 (₹)
IL&FS Financial Services Limited	Trade Payables		Nil (1,335)
IL&FS Securities Services Limited	Custody Charges	41,630 (17,027)	
	Legal and Professional Fees	Nil (80,000)	
IFIN Realty Trust	Fund Management and Advisory Fees	16,245,740 (15,589,848)	
	Short Term Advances – Other advances recoverable in cash or kind		Nil (2,000,000)
	Trade Receivable		Nil (269,867)
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	24,611,316 (44,568,377)	
IL&FS Trust Company Limited	General Office Expenses	47,778 (29,084)	
	Trade Payables		7,663 (21,403)
Rapid Metro Gurgaon Limited	Income from sale of Duty Free Licenses	Nil (5,575,432)	

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2014 (₹)
IL&FS Energy Development Company Limited	Short Term Advances – Other advances recoverable in cash or kind		110,688 (86,536)
IL&FS Education & Technology Services Ltd	Telephone Expenses	300,000 (Nil)	86,536 (Nil)
	Trade Payables		319,372 (Nil)

(Figures in brackets represent figures of previous year)

iv) Transactions with joint ventures

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2014 (₹)
IL&FS Milestone Realty Advisors Private Limited	Dividend Income	33,510,800 (Nil)	
Standard Chartered IL&FS Management (Singapore) Pte Limited	Legal and Professional Expenses	5,109,384 (Nil)	
	Trade Payables		5,109,384 (Nil)

c) Transactions with Key Management Personnel

Key Management Personnel :

Dr Archana Hingorani : CEO & Executive Director

For the year ended	March 31, 2014 (₹)	March 31, 2013 (₹)
Remuneration	30,513,073	27,137,700

d) Transaction with IVC Employee Welfare Trust

Nature of Transaction	March 31, 2014 (₹)	March 31, 2013 (₹)
Interest Income	4,443,905	19,216,446
Repayment of Loan	184,575,000	15,000,000
Payment of Interest	64,034,006	5,495,579
Disbursement of Loan	–	6,000,000
Purchase of Investments	241,347,750	–
Balance Loan Recoverable	–	–
Loan Amount		
Current portion of Long Term Loans	–	49,000,000

Notes Forming part of Financial Statements

For The Year Ended 31st March, 2014

Long Term	–	135,575,000
Interest accrued		
Current	–	18,732,641
Non Current	–	41,301,850

31) Joint Venture Disclosure :

The Company has the following Joint Ventures as on March 31, 2014 and its proportionate share in the assets, liabilities, income and expenditure of the joint venture entities on the basis of the financial statements as at / for the year ended of those entities is given below :

Name of the Joint Venture Company	% of Holding	Assets (₹)	Liabilities (₹)	Income (₹)	Expenditure (₹)
IL&FS Milestone Realty Advisors Private Limited	40%	65,863,414	6,703,630	65,146,174	42,379,262
		(82,323,467)	(6,724,634)	(77,977,680)	(56,861,340)
Standard Chartered IL&FS Management (Singapore) Pte Limited	50%	185,543,154	84,158,893	94,705,664	78,873,088
		(212,555,533)	(92,886,699)	(184,555,045)	(129,065,901)

(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 : May 05, 2014

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. Ltd.	IL&FS Asian Infrastructure Managers Limited	IL&FS Urban Infrastructure Managers Limited	IIML Asset Advisors Limited
1	Reporting Currency	USD	USD	USD	INR	INR	INR
2	Exchange Rate	60.0998	60.0998	60.0998	1.00	1.00	1.00
3	Capital	3,485,788	15,024,950	87,144,710	45,918,370	10,000,000	44,071,000
4	Reserves	1,951,497,360	(10,197,914)	(58,292,719)	26,872,949	140,487,584	109,550,347
5	Total Assets	2,720,018,084	5,325,804	32,887,873	75,086,864	198,308,969	218,882,990
6	Total Liabilities	765,034,936	498,768	4,035,882	2,295,545	47,821,385	65,261,643
7	Investment Other than Investment in Subsidiary	-	-	-	71,428,456	-	106,251,047
8	Turnover	1,547,663,065	-	32,930,063	19,368,019	175,976,407	116,664,534
9	Profit before Taxation	289,565,765	(1,843,802)	22,045,869	8,390,235	64,184,277	38,840,168
10	Provision for Taxation	11,788,936	-	-	716,000	20,885,465	11,126,000
11	Profit after Taxation	277,776,828	(1,843,802)	22,045,869	7,674,235	43,298,812	27,714,168
12	Proposed Dividend	-	-	-	-	10,000,000	44,952,400
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, 2014

Consolidated Financial Statements

Auditors' Report on Consolidated Financial Statements

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

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, 2014, 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 judgment, 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 of the subsidiaries and jointly controlled entity referred to below in the Other Matter paragraph, 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, 2014;
- (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 Matter

We did not audit the financial statements of four subsidiaries and one jointly controlled entity, whose financial statements reflect total assets (net) of Rs. 28,324.59 lakhs as at 31st March, 2014, total revenues of Rs.16,697.03 lakhs and net cash outflows amounting to Rs.1,280.36 lakhs 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 and jointly controlled entity is based solely on the reports of the other auditors

Our opinion is not qualified in respect of this matter

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firms Registration No.117366W/ W-10018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Place : Mumbai
Date : May 05, 2014

Consolidated Balance Sheet As At 31st March, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	627,204,230		417,827,820	
Reserves and Surplus	3	2,636,198,506	3,263,402,736	2,417,595,109	2,835,422,929
Minority Interest			35,667,746		31,907,371
Non-Current Liabilities					
Deferred tax liabilities (Net)	4	11,448,021		14,663,759	
Other Long-term liabilities	5	-		898,672	
Long term provisions	6	50,064,630	61,512,651	49,421,216	64,983,647
Current Liabilities					
Current maturities of Long-term Borrowings	7	-		271,946,500	
Trade payables		323,165,551		266,497,372	
Other current liabilities	8	61,514,341		99,789,741	
Short term provisions	9	535,666,424	920,346,316	428,622,151	1,066,855,764
Total			4,280,929,449		3,999,169,711
ASSETS					
Non-current assets					
Fixed assets (net)	10				
Tangible assets		28,289,575		29,093,234	
Intangible assets		1,492,278,311		1,511,267,875	
Capital work-in-progress		-		842,700	
Non Current Investments	11	351,179,408		105,266,191	
Deferred tax assets (net)	4	19,231,252		22,005,117	
Long term Loans and Advances	12	85,265,840		210,399,815	
Other Non Current Assets	13	67,341,356	2,043,585,742	127,884,731	2,006,759,663
Current assets					
Current Investments	14	442,529,058		516,160,308	
Trade receivables	15	1,175,073,362		731,857,873	
Cash and Cash Equivalents	16	231,053,773		416,642,432	
Current portion of Long term Loans and Advances	17	110,000,000		159,000,000	
Short term Loans and Advances	18	253,803,598		124,528,478	
Other Current Assets	19	24,883,916	2,237,343,707	44,220,957	1,992,410,048
Total			4,280,929,449		3,999,169,711

The accompanying Notes are an integral part of the Financial Statements 1-34

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Place : Mumbai
Date : May 05, 2014

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Consolidated Statement of Profit and Loss For The Year Ended 31st March, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue :			
Revenue from Operations	21	2,082,206,513	2,161,097,572
Other Operating Income	22	63,655,605	83,811,229
Other Income	23	82,955,891	24,363,395
Total Revenue		2,228,818,009	2,269,272,196
Expenses:			
Employee benefit expenses	24	612,222,378	549,465,476
Finance Cost	26	7,789,952	27,053,241
Depreciation and amortisation expense	10	189,553,671	233,163,266
Other Administrative and Operating expenses	25	411,803,140	448,201,597
Total Expenses		1,221,369,141	1,257,883,580
Profit before tax		1,007,448,868	1,011,388,616
Tax expense:			
- Current tax		280,804,061	251,977,822
- Deferred tax	4	(1,988,130)	(7,248,040)
Profit after tax before Minority Interest		728,632,937	766,658,834
Less: Minority Interest		(3,760,375)	(365,105)
Group Profit for the year		724,872,562	766,293,729
Earning per equity share: (Not Annualised) (Equity shares of Face value ₹ 2/- each)	30		
- Basic		2.31	2.45
- Diluted		2.31	2.45
The accompanying Notes are an integral part of the Financial Statements	1-34		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Place : Mumbai
Date : May 05, 2014

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

Consolidated Cash Flow Statement For The Year Ended 31st March, 2014

(Amount in ₹)

			Figures for the Year Ended March 31, 2014	Figures for the Year Ended March 31, 2013
(A)	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX		1,007,448,868	1,011,388,616
	Adjustments for:			
	Depreciation and Amortisation		189,553,671	233,163,266
	Provision for Doubtful Advances		-	8,617
	Provision & Contingencies		808,632	-
	Foreign Currency Translation Reserve		(3,941,326)	(4,268,347)
	Provision for Employee Benefits (Net)		(9,225,480)	(56,312,192)
	Interest Income		(31,777,732)	(50,614,689)
	Finance Cost		7,789,952	27,053,241
	Net Profit on Sale of Investments		(6,478,154)	(3,300,616)
	Profit on sale of Fixed Assets (Net)		(239,050)	(927,069)
			146,490,513	144,802,211
	Operating Profit before working capital changes		1,153,939,381	1,156,190,827
	Adjustments for changes in:			
	(Increase) in Trade Receivables		(375,928,372)	(295,687,640)
	(Increase) / Decrease in Short Term and Long Term Loans and Advances		(44,818,235)	2,747,931
	Decrease in Other Current and Other Non-current Assets		24,419,497	47,107,694
	Increase / (Decrease) in Trade Payables and Other Current, Other Non-current Liabilities		(60,661,668)	(108,060,927)
	Cash Flow after Working Capital Changes		696,950,603	802,297,885
	Payment of taxes (Net)		(275,776,871)	(257,285,115)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	(A)	421,173,732	545,012,770
(B)	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Long-term Investments		(241,324,889)	(36,190,276)
	Proceeds from sale of Long-term Investments		12,465,361	15,567,608
	Decrease/(Increase) in Current Investments (Net)		73,855,157	(121,088,516)
	Inter Corporate Deposits Given		(380,000,000)	(60,000,000)
	Inter Corporate Deposits Refunded		300,000,000	160,000,000
	Purchase of Fixed Assets		(5,835,617)	(8,020,914)
	Proceeds from Sale of Fixed Assets		507,240	1,494,764
	Interest Received		97,213,381	37,218,828
	Loans Given		-	(6,000,000)
	Loans Refunded		184,575,000	15,000,000

Consolidated Cash Flow Statement For The Year Ended 31st March, 2014

(Amount in ₹)

			Figures for the Year Ended March 31, 2014	Figures for the Year Ended March 31, 2013
	NET GENERATED / USED FROM INVESTING ACTIVITIES	(B)	41,455,633	(2,018,506)
(C)	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from issuance of Share Capital at premium		2,562,000	10,367,600
	Interest Paid		(7,789,952)	(27,053,241)
	Borrowing repaid		(302,481,062)	(381,158,172)
	Dividend paid (including tax thereon)		(367,114,158)	(363,094,333)
	NET GENERATED USED IN FINANCING ACTIVITIES	(C)	(674,823,172)	(760,938,146)
(D)	NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	(212,193,807)	(217,943,882)
	Impact of Foreign Currency Translation		23,110,357	27,318,085
	Cash and Cash Equivalent at the beginning of the year as per Balance Sheet (refer note 16)		395,718,241	586,344,038
	Cash and Cash Equivalent at the end of the year (Refer Note 16)		206,634,791	395,718,241
	Reconciliation of Cash and cash equivalents with the Balance Sheet :			
	Cash and cash equivalents as per Balance Sheet (Refer Note 16)		231,053,773	416,642,432
	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]		(24,418,982)	(20,924,191)
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16 *		206,634,791	395,718,241
	* Comprises			
	(a) Cash on hand		121,540	60,283
	(b) Balances with banks			
	(i) In current and fixed deposit accounts		205,130,573	395,657,958
	(ii) In EEFC accounts		1,382,678	-
			206,634,791	395,718,241

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 1-34

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
Chief Executive Officer &
Executive Director

Place : Mumbai
Date : May 05, 2014

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

(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 consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year

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 recognised 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 CFS 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, 2014 (₹)	Percentage of Voting power As at March 31, 2014	Amount of Investment As at March 31, 2013 (₹)	Percentage of Voting power As at March 31, 2013
Subsidiaries					
IL&FS Asian Infrastructure Managers Limited	India	23,418,370	51	23,418,370	51
IL&FS Urban Infrastructure Managers Limited	India	10,000,000	100	10,000,000	100
IL&FS Investment Advisors LLC	Mauritius	900,200	100	900,200	100

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Name of the Entity	Country of Incorporation and Residence	Amount of Investment As at March 31, 2014 (₹)	Percentage of Voting power As at March 31, 2014	Amount of Investment As at March 31, 2013 (₹)	Percentage of Voting power As at March 31, 2013
Saffron Investment Trust	Mauritius	92,920,000	100	116,150,000	100
IIML Asset Advisors Limited	India	49,864,117	100	49,864,117	100
IIML Advisors LLC	Mauritius	12,599,998	100	12,599,998	100
IIML Fund Managers (Singapore) Pte Ltd	Singapore	84,707,823	100	35,132,823	100
Jointly Controlled Entity					
IL&FS Milestone Realty Advisors Private Limited	India	800,000	40	800,000	40
Standard Chartered IL&FS Management (Singapore) Pte Ltd	Singapore	2,218,500	50	2,218,500	50

d) Fixed Assets (Tangible)

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

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

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

All categories of assets costing ₹ 5,000/- or less each and mobile phones, 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 recognised through the Statement of Profit and Loss

e) Intangible Assets

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

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

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

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

f) Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets

g) 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

h) Investments

- Investments are capitalised at actual cost including costs incidental to acquisition
- Investments are classified as non-current 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 and fair value

i) 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
- Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss

j) Forward Contract 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

k) 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

l) Employee Benefits

- i) The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employee 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

m) Placement Fees Expense

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

n) 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

o) 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

p) Cash Flow Statements

- i) Cash flows are reported using the indirect method, whereby profit 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

q) 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

(2) Share Capital

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

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Authorised Share Capital		
325,000,000 Equity shares of ₹ 2/- each	650,000,000	500,000,000
(Previous Year 250,000,000 Equity shares of ` 2/- each)		
Issued , Subscribed and Fully Paid-up Capital		
313,592,115 Equity shares of ₹ 2/-each		
(As at March 31, 2013: 208,903,910 Equity shares of ₹ 2/- each)	627,184,230	417,807,820
Add : Forfeited shares	20,000	20,000
	627,204,230	417,827,820

- 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, 2014		As at March 31, 2013	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the year	208,903,910	417,807,820	208,275,410	416,550,820
Add : Allotment made towards Bonus Issue	104,530,705	209,061,410	–	–
Add: Allotment made towards ESOP shares exercised	157,500	315,000	628,500	1,257,000
At the end of the year	313,592,115	627,184,230	208,903,910	417,807,820

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

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

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Infrastructure Leasing & Financial Services Limited, the Holding Company	158,333,152	50.49	105,055,435	50.29

- d) Rights, preference and restrictions attached to equity shares:

The Company has one class of Equity Shares with face value of Rs, 2/- each. Each Share Holder has a voting rights in proportion to their holding of the paid up Equity Share Capital of the Company.

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

As at March 31, 2014, executives and senior employees held fully vested options of 440,625 equity shares of the Company, the exercise price for Stock Option outstanding as at March 31, 2014 is ₹ 12.80 and the weighted average remaining contractual exercise period is 2 months. Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights

- f) 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 (₹)
2013-14	2	104,530,705	209,061,410
2012-13	-	-	-
2011-12	-	-	-
2010-11	-	-	-
2009-10	-	-	-

- g) The Company has proposed dividend for the year ended March 31, 2014, on Equity Shares @ ₹ 1.30 per share aggregating to ₹ 454,841,880/- inclusive of dividend distribution tax of ₹ 47,172,130/-

- h) 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/-

- i) Shares reserved for issue under Options :

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

Particulars	ESOP 2003	ESOP 2004	ESOP 2006
Eligibility	Directors and Employees	Directors and Employees	Directors of the Company and Subsidiary Companies and Employees of the Company
Vesting period for options granted during the year	One year from date of grant	One year from date of grant	One year to Three year from date of grant
Exercise Period	Four years beginning from date of vesting	Four years beginning from date of vesting	Four years beginning from date of vesting
Method of Settlement	Equity	Equity	Equity

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

- j) The number of Options available for grant in future are as follows :

Particulars	ESOP 2003	ESOP 2004	ESOP 2006
Options available for grant in future	37,815	130,928	1,935,000

- k) 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	7,32,500	18.28
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	157,500	16.27
Lapsed during the year	281,250	18.45
Granted and outstanding at the end of the year	293,750	19.20
Vested and Exercisable at the end of the year	293,750	19.20
Additional option on account of bonus issue	146,875	
Total Options outstanding at the end of the year	440,625	12.80

* Determined at the time of grant

- l) 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
- m) 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
- n) No Options were granted during the year
- o) The weighted average market price at the dates of exercise for options during the year was ₹ 15.60

(3) Reserves and Surplus

The movement in Reserves and Surplus are as under :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Securities Premium Account		
Balance as per previous Balance Sheet	141,638,254	132,527,654
Add: Premium on ESOP shares issued during the year	2,247,000	9,110,600
Less : Utilised during the year for Issuing bonus shares	(143,885,254)	-
Balance at the end of the year	-	141,638,254
General Reserve		
Balance as per previous Balance Sheet	259,385,027	212,000,000
Add: Appropriation from Statement of Profit and Loss	64,448,720	47,385,027
Less: Appropriation for Bonus	(65,176,156)	-
Balance at the end of the year	258,657,591	259,385,027

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Capital Reserve on Consolidation		
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
Surplus in Statement of Profit and Loss		
Balance as per previous Balance Sheet	1,758,254,815	1,405,956,807
Add: Group profit for the year	724,872,562	766,293,729
Add : Reversal of Excess Dividend tax	6,891,196	-
Less : Appropriation for Dividend (including Dividend tax)	(474,367,328)	(366,610,694)
Less: Transfer to General Reserve	(64,448,720)	(47,385,027)
Balance at the end of the year	1,951,202,525	1,758,254,815
Foreign Currency Translation Reserve		
Balance as per previous Balance Sheet	209,147,621	117,405,275
Add: Addition	168,021,377	91,742,346
Balance at the end of the year	377,168,998	209,147,621
	2,636,198,506	2,417,595,109

(4) Deferred Tax Asset :

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, 2014 the timing difference has resulted in a net deferred tax asset of ₹ 1,988,130/-
- The Net deferred tax asset recognised in the accounts as of March 31, 2014 are as follows:

Nature of Timing Differences	As at March 31, 2013 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	As at March 31, 2014 Asset/(Liability) (₹)
Difference between book and tax Depreciation	8,779,880	(889,014)	7,890,866
Employee Benefits	13,592,321	(2,173,312)	11,419,009
Placement Fees	(567,000)	567,000	-
Deferred Rent	199,916	(49,979)	149,937
Deferred Income	-	291,440	291,440
Mobilisation Expenses	-	(520,000)	(520,000)
Total	22,005,117	(2,773,865)	19,231,252
Previous year	17,425,748	4,579,369	22,005,117

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

- c) The deferred tax liability recognised in the accounts as of March 31, 2014 is as follows :

Nature of Timing Differences	As at March 31, 2013 Asset/(Liability) (₹)	Adjusted/ Added during the year (₹)	As at March 31, 2014 Asset/(Liability) (₹)
Difference between book and tax Depreciation	840	(840)	-
Employee Benefits	196,000	(196,000)	-
Placement Fees	(11,873,315)	4,541,995	(7,331,320)
Mobilisation Fee Expense	(1,443,200)	1,443,200	-
Deferred Income	766,920	(766,920)	-
Bonus	259,440	(259,440)	-
Others *	(2,570,444)	(1,546,257)	(4,116,701)
Total	(14,663,759)	3,215,738	(11,448,021)
Previous year	(16,430,677)	1,766,918	(14,663,759)

* The amount of ₹ 1,546,257/- (Previous year ₹ 901,753/-) is on account of Foreign Exchange Fluctuation adjusted in Foreign Currency Translation Reserves under the head 'Reserves and Surplus'

(5) Other Long-term Liabilities :

Other Long-term liabilities consists of :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Unamortised Deferred Income	-	898,672
	-	898,672

(6) 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, 2014 (₹)	As at March 31, 2013 (₹)
Provision for Employee benefits	50,064,630	49,421,216
	50,064,630	49,421,216

- b) Employee benefits pertaining to overseas subsidiaries / joint ventures have been accrued based on the respective labour laws.

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

- (a) Defined-Contribution Plans :

The Group has recognised ₹ 14,956,207/- (Previous year ₹ 13,989,032/-) 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 ₹ 4,897,176/- (Previous year ₹ 13,136,857/-) 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, 2014

I.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Assumptions		
	Discount Rate	8.25% - 9.33%	8.25% - 8.50%
	Rate of Return on Plan Assets	8.70% - 9.00%	8.70% - 9.00%
	Salary Escalation	6.50%	6.50%
	Mortality Table	Indian Assured Lives mortality (2006-2008) Ultimate and LIC (94-96) Ultimate Mortality Table	Indian Assured Lives mortality (2006-2008) Ultimate and LIC (94-96) Ultimate Mortality Table
II.	Table Showing Change in Benefit Obligation:	(₹)	(₹)
	Liability at the beginning of the year	74,638,392	69,070,807
	Interest Cost	6,157,668	5,534,061
	Current Service Cost	7,577,364	6,487,747
	Liability Transfer Out	-	-
	Benefit Paid	(2,485,580)	(5,838,508)
	Actuarial (gain)/loss on obligations	(3,558,248)	(615,715)
	Liability at the end of the year	82,329,596	74,638,392
III.	Tables of Fair value of Plan Assets :		
	Fair Value of Plan Assets at the beginning of the year	80,591,618	69,511,030
	Expected Return on Plan Assets	7,054,435	5,990,124
	Contributions	11,859,510	9,453,246
	Transfer to other Company	-	-
	Benefit Paid	(1,961,538)	(4,407,898)
	Actuarial gain/(loss) on Plan Assets	(99,463)	45,116
	Fair Value of Plan Assets at the end of the period	97,444,562	80,591,618
	Total Actuarial Gain/(Loss) to be recognised	3,458,785	660,831
IV.	Actual Return on Plan Assets :		
	Expected Return on Plan Assets	7,054,435	5,990,124
	Actuarial gain/(loss) on Plan Assets	(99,463)	45,116
	Actual Return on Plan Assets	6,954,972	6,035,240

Particular	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
V. Amount Recognised in the Balance Sheet:					
Liability at the end of the year	82,329,596	74,638,392	69,070,807	51,521,128	35,625,074
Fair Value of Plan Assets at the end of the year	97,444,562	80,591,618	69,511,030	39,913,251	33,675,602
Difference	(15,114,966)	(5,953,225)	(440,223)	11,607,877	1,949,472

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Particular	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
Unrecognised Past Service Cost	-	-	-	-	-
Amount Recognised in the Balance Sheet	(15,114,966)	(5,953,225)	(440,223)	11,607,877	1,949,472

VI.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Expenses Recognised in the Statement of Profit and Loss :		
	Current Service Cost	7,577,364	6,487,747
	Interest Cost	6,157,668	5,534,061
	Expected Return on Plan Assets	(7,054,435)	(5,990,124)
	Net Actuarial (Gain)/Loss To be Recognised	(3,458,785)	(660,831)
	Expense Recognised in Statement of Profit and Loss	3,221,812	5,370,853
VII.	Balance Sheet Reconciliation :		
	Opening Net Liability	(5,953,225)	(440,223)
	Expense as above	3,221,812	5,370,853
	Employers Contribution	(11,859,510)	(9,453,246)
	Benefits Paid	(524,042)	(1,430,610)
	Amount Recognised in Balance Sheet	(15,114,965)	(5,953,225)
VIII.	Description of Plan Assets :		
	Insurer Managed Funds	100%	100%

IX	Experience Adjustments :	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)	As at March 31, 2011 (₹)	As at March 31, 2010 (₹)
	Experience adjustments on plan liabilities gain/ (loss)	4,072,380	1,118,740	12,825,806	(2,731,448)	(1,293,138)
	Experience adjustments on plan assets gain/ (loss)	(99,463)	45,116	1,112,106	321,976	229,376

Other Details :

The employer's best estimate of the contributions expected to be paid to the plan during the next 12 month ₹ 171,400 (Previous year ₹ 159,325/-)

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 Consolidated Financial Statements

For The Year Ended 31st March, 2014

(7) Current maturities of Long-term Borrowings :

The Current maturities of Long -term Borrowings consists of :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Secured Loan	–	271,946,500
	–	271,946,500

During the financial year 2010 -11, IL&FS Investment Advisors LLC ("IIAL"), a wholly owned subsidiary had entered into a loan facility on 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 was 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

(8) Other Current Liabilities :

a) Other Current Liabilities consists of :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Income Received in advance	28,136,843	72,877,756
Unclaimed Dividend	24,418,982	20,924,191
Unamortised Deferred Income	898,672	1,465,504
Statutory Payments	6,661,701	3,026,450
Other Payables	1,398,143	1,495,840
	61,514,341	99,789,741

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

c) Unclaimed dividend of ₹ 24,418,982/- relates to the period from FY 2006-2007 to FY 2012-2013. During the year ended March 31, 2014 an amount of ₹ 920,601/- (Previous year: ₹ 859,368/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2006

(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, 2014 (₹)	As at March 31, 2013 (₹)
Provision for employee benefits	11,802,643	21,671,537
Provision for Taxation (Net)	56,891,113	40,339,920
Provision for Dividend	407,669,750	313,355,865
Provision for Dividend Tax	59,302,918	53,254,829
	535,666,424	428,622,151

For The Year Ended 31st March, 2014

10) Fixed Assets :

a) Tangible and Intangible Assets
Current Year

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK	
	As on 01.04.2013	Additions	Deductions/ Adjustments *	As at 31.03.2014	As at 1.04.2013	For the Year	Deductions/ Adjustments *	Up to 31.03.2014
Tangible Assets :								
Building	18,509,778	-	1,950,081	20,459,859	2,782,928	1,372,781	284,222	4,439,931
Furniture and Fixtures	12,635,013	1,087,197	(1,849,598)	11,872,612	8,008,008	1,588,735	(959,837)	8,636,906
Vehicles	13,655,377	-	947,192	14,602,569	10,182,568	1,775,404	646,271	12,604,243
Office Equipments	9,533,103	3,233,507	361,395	13,128,005	8,030,572	2,464,280	(388,556)	10,106,296
Data Processing Equipments	11,529,069	2,650,950	(937,366)	13,242,653	9,193,966	1,910,250	(902,559)	10,201,657
Lease Improvements	21,437,490	-	929,032	22,366,522	20,008,554	456,026	929,032	21,393,612
Total (A)	87,299,830	6,971,654	1,400,736	95,672,220	58,206,596	9,567,476	(391,427)	67,382,645
Intangible Assets (Other than internally generated) :								
Goodwill on amalgamation	15,400,384	-	3,002,297	18,402,681	15,400,384	-	3,002,297	18,402,681
Computer Software	6,745,564	1,058,824	-	7,804,388	6,455,561	593,815	-	7,049,376
Business Know-how, Management and Advisory Contracts	2,038,607,721	-	204,508,815	2,243,116,536	527,629,849	179,392,380	44,571,008	751,593,237
Placement Fees	838,545,414	-	-	838,545,414	838,545,414	-	-	838,545,414
Total (B)	2,899,299,083	1,058,824	207,511,112	3,107,869,019	1,388,031,208	179,986,195	47,573,305	1,615,590,708
Total (A+B)	2,986,598,913	8,030,478	208,911,848	3,203,541,239	1,446,237,804	189,553,671	47,181,878	1,682,973,353

* Adjustments include movement due to foreign exchange fluctuations

Amount (₹)

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Previous Year

	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
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
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
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
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
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
Lease Improvements	22,039,648	-	(602,158)	21,437,490	17,274,738	3,300,937	(567,121)	20,008,554	1,428,936
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
Intangible Assets (Other than internally generated) :									
Goodwill on amalgamation	13,700,739	-	1,699,645	15,400,384	8,960,262	5,045,783	1,394,339	15,400,384	-
Computer Software	6,745,564	-	-	6,745,564	6,095,709	359,852	-	6,455,561	290,003
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
Placement Fees	835,540,735	-	3,004,679	838,545,414	788,886,826	49,658,588	-	838,545,414	-
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
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

* Adjustments include movement due to foreign exchange fluctuations

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

b) Capital Work in Progress

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Software Upgradation	—	842,700
	—	842,700

(11) Non Current Investments

Non Current Investment consists of :

Particulars	Face Value (₹)	No. of Shares/ Units	Cost As at March 31, 2014 (₹)	Face Value (₹)	No. of Shares/ Units	Cost As at March 31, 2013 (₹)
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A - Trade Investments

Investment in Equity Instruments (Fully Paid-up)

- Investment in Other						
Avantika Gas Ltd	10	8,250	82,500	10	8,250	82,500
IL&FS India Realty Fund LLC	\$ 10	100	60,100	\$ 10	100	54,389
IL&FS India Realty Fund II LLC	\$ 0.01	100,000	60,100	\$ 0.01	100,000	54,389
TARA India Fund III LLC	\$ 1	2	120	\$ 1	2	109
TARA Feeder Fund Limited	\$ 1	2	120	\$ 1	2	109
Tara India Fund IV LLC (Class C Shares)	\$ 1	1	60	\$ 1	1	54
Tara India Fund IV LLC (Class D Shares)	\$ 1	1	60	\$ 1	1	54
Saffron India Real Estate Fund – I (Class A Shares)	\$ 0.01	18,448	109,710,336	\$ 0.01	19,040	102,422,775
Saffron India Real Estate Fund – I (Class C Shares)	\$ 0.01	75,000	45,075	\$ 0.01	75,000	40,792
Saffron India Real Estate Fund – I (Class D Shares)	\$ 0.01	25,000	15,025	\$ 0.01	25,000	13,597
K2 Property Limited (Class C Shares)	\$ 0.01	75,000	45,075	\$ 0.01	75,000	40,792
K2 Property Limited (Class D Shares)	\$ 0.01	25,000	15,025	\$ 0.01	25,000	13,597
IL&FS Nucleus Fund (Class B Shares)	1 \$	1	60	1 \$	1	54
Total (A)			110,033,656			102,723,211

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

South Asian Regional Apex Fund	-	-	-	5,000	64	292,980
Leverage India Fund	1,000	100	100,000	1,000	100	100,000
Infrastructure Leasing & Financial Services Realty Fund (Class C Units)	100	500	50,000	100	500	50,000

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Particulars	Face Value (₹)	No. of Shares/ Units	Cost As at March 31, 2014 (₹)	Face Value (₹)	No. of Shares/ Units	Cost As at March 31, 2013 (₹)
Infrastructure Leasing & Financial Services Realty Fund (Class A Units)	100,000	860	86,002,037	-	-	-
IFIN Realty Trust (Class C Units)	10,000	10	100,000	10,000	10	100,000
IFIN Realty Trust (Class A Units)	1,000,000	74	74,266,100	-	-	-
TARA India Fund III Trust- Class C Units	10,000	50	500,000	10,000	50	500,000
TARA India Fund III Trust- Class A Units	1,000,000	76	75,526,206	-	-	-
TARA India Fund III Trust- Class D Units	1,000,000	3	3,101,409	-	-	-
TARA India Fund III Domestic Trust	1,000	500	500,000	1,000	500	500,000
Urjankur Nidhi Trust	100	1,000	100,000	100	1,000	100,000
PAN Asia Project Development Fund	100	1,000	100,000	100	1,000	100,000
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
Total (B)			241,145,752			2,542,980
Total (A+B)			351,179,408			105,266,191
Aggregate book value of unquoted Investment			351,179,408			105,266,191

(12) Long term Loans and advances :

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

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Secured, considered good :		
Staff Loan	337,350	557,890
Unsecured , considered good:		
Staff Loan	807,920	-
Advance Tax (net of provision)	72,148,948	60,624,945
Loans and advances given to related parties (Refer note 31 c)	-	135,575,000
Security Deposits	3,012,540	3,434,451
Prepaid Expenses	8,959,082	10,207,529
	85,265,840	210,399,815

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

(13) Other Non-Current Assets :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Interest accrued but not due	-	41,301,850
Unamortised Distributor Fees	-	1,619,560
Unamortised Placement Fees	67,341,356	84,963,321
	67,341,356	127,884,731

(14) Current Investments :

The details of Current Investments are provided below :

Particulars	As at March 31, 2014			As at March 31, 2013		
	Units	Face Value (₹)	Amount in (₹)	Units	Face Value (₹)	Amount in (₹)
Investment in Mutual Funds - Non-Trade - Unquoted						
DWS Ultra Short Term Fund - Institutional Daily Dividend - Reinvestment	-	-	-	6,347,621	10	63,589,837
ICICI Prudential Flexible Income Plan - Daily Dividend	189,415	100	20,027,919	196,395	100	20,765,850
ICICI Prudential Saving Fund -Regular Plan - Daily Dividend	199,794	100	20,025,817	-	-	-
Templeton India Ultra Short Term Bond -Super IP	-	-	-	4,003,275	10	40,104,810
Templeton India Ultra Short Bond Fund Super Institutional Plan - Daily Dividend Reinvestment	4,026,657	10	40,420,251	-	-	-
Reliance Liquid Fund Treasury Fund - Treasury Plan - IP –Daily Dividend Reinvestment	50,547	1,000	77,272,698	28,004	1,000	42,810,498
Baroda Pioneer Treasury Advantage Fund-Daily Dividend Plan	44,487	1,000	45,573,190	65,542	1,000	65,627,812
Baroda Pioneer Liquid Fund - Institutional Daily Dividend Plan A – Daily Dividend	8,211	1,000	8,223,130	-	-	-
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	1,000	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

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Particulars	As at March 31, 2014			As at March 31, 2013		
	Units	Face Value (₹)	Amount in (₹)	Units	Face Value (₹)	Amount in (₹)
Investment in Mutual Funds - Non-Trade - Unquoted						
Kotak Floater Long Term - Daily Dividend	-	-	-	2,288,456	10	23,067,181
Taurus Ultra short term bond	-	-	-	69,226	1,000	69,356,006
JPMorgan India Treasury Fund - Super Institutional Daily Dividend Reinvestment	2,003,997	10	20,057,804	2,997,332	10	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	605,309	100	60,710,722	483,492	100	48,395,006
Birla Sunlife Cash plus - IP - Daily Dividend -Reinvestment	528,367	100	52,939,756	-	-	-
UTI Floating Rate Fund - STP-Regular Plan - Daily Dividend Reinvestment	-	-	-	25,208	1,000	27,146,621
Kotak Flexi Debt Plan A -Daily Dividend	1,992,380	10	20,018,440	-	-	-
Kotak Liquid Scheme Plan A – Daily Dividend	3,694	1,000	4,516,943	-	-	-
TATA Floater Fund	40,346	1,000	40,487,986	-	-	-
HDFC Floating Rate Income Fund - Daily Reinvestment	223,277	10	2,250,831	-	-	-
SBI Ultra Short Term Debt Fund - Regular Fund- Daily Dividend	29,947	1,000	30,003,571	-	-	-
TOTAL			442,529,058			516,160,308
Aggregate book value of unquoted Investment			442,529,058			516,160,308

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

(15) 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, 2014 (₹)	As at March 31, 2013 (₹)
Secured, considered good : (outstanding for more than 6 months from the date they are due for payment)	78,098,468	23,544,388
Secured, considered good : (outstanding for less than 6 months from the date they are due for payment)	48,553,936	34,898,197
Unsecured, considered good : (outstanding for more than 6 months from the date they are due for payment)	636,897,755	76,367,290
Unsecured, considered good : (outstanding for less than 6 months from the date they are due for payment)	411,523,203	597,047,998
	1,175,073,362	731,857,873

(16) Cash and Cash Equivalents:

Cash and Cash Equivalents consists of :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
a) Cash on hand	121,540	60,283
b) Cheques on Hand	-	-
c) Balance with Banks		
i) in Current Accounts	165,211,223	311,106,949
ii) in EEFC Accounts	1,382,678	-
iii) in Fixed Deposit Accounts *	39,919,350	84,551,009
iv) in earmarked Accounts -		
in Current Accounts referring to unclaimed dividend accounts	24,418,982	20,924,191
	231,053,773	416,642,432

Of the above, the balances that need 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 ₹ 206,634,791/- (Previous year ₹ 395,718,241/-)

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

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Unsecured , considered good:		
Loans given to Related Parties (Refer note 31 b)	110,000,000	110,000,000
Other Loans and Advances	-	49,000,000
	110,000,000	159,000,000

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

(18) 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, 2014 (₹)	As at March 31, 2013 (₹)
Secured , considered good :		
Staff Loan	154,260	561,574
Unsecured , considered good :		
Staff Loan	52,196	-
Loans given to Related Parties (Refer note 31b)	130,000,000	50,000,000
Security Deposit	1,336,222	1,625,592
Prepaid Expenses	29,203,037	24,566,853
Advances Recoverable in cash or in kind or for value to be received from Related Parties (Refer note 31b)	360,824	3,734,164
Advances Recoverable in cash or in kind or for value to be received from Other Parties	85,145,828	38,419,555
Indirect Tax/Credit Receivables	7,551,231	5,620,740
	253,803,598	124,528,478

- 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

(19) Other Current Assets :

Other Current Assets consists of :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Interest accrued but not due	13,746,538	37,880,337
Unamortised Placement Fees	-	1,667,853
Unamortised Distributor Fees	1,601,469	2,827,915
Forward Cover Premium	2,404,909	1,525,812
Revaluation on derivative contracts	7,131,000	319,040
	24,883,916	44,220,957

(20) Contingent Liabilities and Commitments :

- a) Contingent Liabilities :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Claims not acknowledged as debts:		
Income tax demand contested by the Group	52,045,730	36,710,230

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

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

b) Outstanding Capital Commitments :

Particulars	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Estimated amount of contracts remaining to be executed on capital account not provided for [net of advance paid]	—	860,210

(21) Revenue from Operations :

Revenue from Operations comprises of :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Fees from Fund Management and Advisory Services	2,082,206,513	2,161,097,572
	2,082,206,513	2,161,097,572

(22) Other Operating Income

a) Other Operating Income comprises of :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Dividend Income :		
From Current non-trade Investments	25,399,719	29,895,924
Total (a)	25,399,719	29,895,924
Net gain/loss on sale of investments :		
Profit on sale of Long-term trade Investments	90,990	2,376,402
Income from Venture Capital Fund units	6,163,257	893,241
Profit on sale of current non-trade Investments	223,907	30,973
Total (b)	6,478,154	3,300,616
Interest Income on		
- On Fixed Deposits with Banks	4,957,593	5,755,275
- On Other Deposits / Loans	26,820,139	44,859,414
Total (c)	31,777,732	50,614,689
Total (a+b+c)	63,655,605	83,811,229

(23) Other Income :

a) Other Income comprises of :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Profit on sale of Fixed Asset	239,050	927,069
Foreign Exchange Gain	65,001,572	6,508,271
Interest on Income Tax refund	-	107,402
Income from sale of Duty Free Licenses	-	5,575,432
Miscellaneous Income	17,715,269	11,245,221
	82,955,891	24,363,395

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

- b) Miscellaneous Income includes ₹ 13,658,632/- (Previous year ₹ 9,449,000/-) towards reversal of excess provision for Performance Pay and Incentive and recovery of professional fees paid in earlier years
- c) Income from sale of Duty free licenses is based on invoices raised for licenses sold to related party

(24) Employee Benefit Expense :

Employee Benefit Expense include :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Salaries and Allowances	563,333,129	493,118,543
Staff Deputation cost	11,132,178	12,908,040
Gratuity Expense (Unfunded)	8,885,753	6,267,228
Contribution to Provident Fund and Other Funds	24,244,977	32,999,243
Staff Training and Welfare Expenses	4,626,341	4,172,422
	612,222,378	549,465,476

(25) Other Administrative and Operating Expenses :

- a) Other Administrative and Operating Expenses consists of :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Rent	58,580,165	58,959,208
Repairs and Maintenance	9,319,464	5,088,921
Insurance	7,414,723	4,661,668
Rates and Taxes	3,113,820	2,256,106
Legal and Professional Expenses	148,342,876	141,000,350
Advisory Fees	68,820,242	117,686,776
Electricity and Water Charges	1,745,286	1,953,789
Travelling and Conveyance	35,534,061	44,582,197
Postage and Telecommunication	6,454,621	7,223,988
Printing and Stationery	2,830,290	2,493,902
Debts/Advances Written Off	-	8,617
Brand Subscription Fees	16,770,933	16,734,546
Directors Sitting Fees	1,730,481	1,762,832
Miscellaneous Expenses	51,146,178	43,788,697
	411,803,140	448,201,597

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

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

(26) Finance Cost :

Finance Cost include :

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Interest Expense	4,945,825	22,776,552
Other Borrowing Costs	2,844,127	4,276,689
	7,789,952	27,053,241

(27) Leases :

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

Future Lease Rentals	March 31, 2014 (₹)	March 31, 2013 (₹)
Not later than one year	12,866,054	39,578,830
Later than one year but not later than 5 years	17,266,884	77,287,048
Later than 5 years	-	-

Particulars	For the year ended March 31, 2014 (₹)	For the year ended March 31, 2013 (₹)
Amount charged to the Profit and Loss Statement (on non- cancellable lease)	13,000,919	10,390,865
Amount charged to the Profit and Loss Statement (on cancellable lease)	40,073,785	41,415,406

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

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

(29) Derivatives and foreign currency Exposures :

i) The Group has following forward exchange contract outstanding :

Particulars	As at March 31, 2014	As at March 31, 2013
No of Contracts	4	4
Notional amount (Sell)	\$ 5,400,000	\$ 4,047,800
Notional amount (Buy)	₹ 340,072,500	₹ 222,695,027

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

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, 2014	As at March 31, 2013
Receivables	\$ 4,876,275	\$ 3,576,435
Amount in ₹	292,648,038	194,519,789
EEFC Account Balance	\$ 22,995	—
Amount in ₹	1,382,678	—

(30) Earning Per Share (EPS) :

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, 2014	March 31, 2013
Profit After Tax (₹)	724,872,562	766,293,729
Weighted Average Number of Equity Shares in calculating Basic EPS	313,516,170	312,799,900
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)	65,394	411,597
Weighted Average Number of Equity Shares in calculating Diluted EPS	313,581,564	313,211,497
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	2.31	2.45
(iii) Diluted Earnings per share (₹)	2.31	2.45

The Earning Per Share for the previous year have been recomputed taking into account the effect of the issue of bonus shares during the year in accordance with the Accounting Standard 20 – "Earnings Per Share"

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

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

Sr No	Holding Company
1	Infrastructure Leasing & Financial Services Limited
Sr No	Fellow Subsidiaries*
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	Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Sr No	Fellow Subsidiaries*
9	IL&FS Environmental Infrastructure & Service Limited
10	Vansh Nimay Infraproject Private Limited
11	IL&FS Maritime International FZE
12	East Delhi Waste Processing Company Private Limited
13	IL&FS Prime Terminals FZE
14	IL&FS Energy Development Company Limited
15	Rapid Metro Gurgaon Limited
16	Gujarat International Finance Tec-city Company Limited
17	IL&FS Tamil Nadu Power Company Limited
18	IL&FS Renewable Energy Limited
19	IL&FS Engineering & Construction Co. Ltd.
20	Elsamex S.A

*As certified by holding company and with whom transactions done during the year

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

i) Transactions with holding company

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2014 (₹)
Infrastructure Leasing & Financial Services Limited	Rent Expenses	41,291,305 (42,632,927)	
	Electricity Charges	325,360 (641,801)	
	Service Charges	Nil (528,010)	
	Repairs and Maintenance Expenses	525,960 (525,960)	
	Brand Subscription fees	16,381,045 (16,349,791)	
	Salary Deputation Cost	8,131,164 (11,769,240)	
	Term Deposits placed	380,000,000 (60,000,000)	
	Repayment of Term Deposits	300,000,000 (160,000,000)	
	Interest Income on Term Deposits	22,307,057 (25,428,491)	
	Current portion of Long Term Loans and Advances – Inter Corporate Deposits		110,000,000 (110,000,000)
	Short Term Loans and Advances – Inter Corporate Deposits		130,000,000 (50,000,000)

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2014 (₹)
	Maximum outstanding Inter Corporate Deposits during the year		320,000,000 (260,000,000)
	Other Current Assests – Interest accrued		8,847,741 (18,021,021)
	Other Non Current Assets – Interest Accrued		4,251,939 (Nil)
	Trade Payables		1,726,179 (3,119,327)
	Short Term Advances – Other advances recoverable in cash or kind		Nil (721,093)

(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 (₹)	Outstanding Balance As on March 31, 2014 (₹)
IL&FS Education & Technologies Limited	Telephone Expenses	300,000 (Nil)	
	Trade Payables		319,372 (Nil)
IL&FS Financial Services Limited	Advisory Charges	15,000,000 (Nil)	
	Trade Payables		15,168,600 (Nil)
	Short Term Advances – Other Advances recoverable in cash or kind		104,634 (1,335)
IL&FS Securities Limited	Custody Charges	66,630 (17,027)	
	Legal and Professional Fees	5,500 (155,000)	
	Trade Payables		450 (Nil)
IFIN Realty Trust	Fund Management and Advisory Fees	16,245,748 (15,589,848)	
	Trade Receivable		Nil (269,867)
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	24,611,316 (44,568,377)	
IL&FS Trust Company Limited	General Office Expenses	47,778 (29,084)	
	Trade Payables		7,663 (21,403)

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2014 (₹)
Integrated Waste Management & Urban Services Company (Tamil Nadu) Ltd	Fund Management and Advisory Fees	2,855,626 (2,788,905)	
	Consultancy Fees	19,000,000 (11,700,000)	
	Trade Payables		976,097 (4,665,709)
IL&FS Environmental Infrastructure and Services Limited	Fund Management and Advisory Fees	4,384,528 (4,147,549)	
	Consultancy Fees	12,500,000 (Nil)	
	Trade Payables		12,478,042 (Nil)
	Trade Receivable		Nil (29,049)
Vanch Nimay Infraprojects Limited	Fund Management and Advisory Fees	1,650,992 (2,206,060)	
	Trade Receivable		2,491 (2,491)
East Delhi Waste Processing Company Private Limited	Fund Management and Advisory Fees	13,496,484 (7,247,042)	
	Trade Receivable		47,025 (4,246,574)
IL&FS Maritime International FZE	Fund Management and Advisory Fees	5,832,151 (59,296,776)	
	Trade Receivable		Nil (37,017,629)
IL&FS Energy Development Company Limited	Consultancy Income	32,667,955 (Nil)	
	Short Term Advances – Other advances recoverable in cash or kind		256,190 (86,536)
	Trade Receivables		32,453,892 (Nil)
Rapid Metro Gurgaon Limited	Income from sale of Duty Free Licenses	Nil (5,575,432)	
Gujarat International Finance Tec-city Co Limited	Fund Management and Advisory Fees	9,170,445 (13,518,250)	
	Trade Receivable		415,840 (419,475)
IL&FS Tamil Nadu Power Company Limited	Sale of Fixed Assets	Nil (925,200)	
	Short Term Advances – Other advances recoverable in cash or kind		Nil (925,200)

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

Name of the Entity	Nature of Transaction/ Account Balance	Amount of Transaction (₹)	Outstanding Balance As on March 31, 2014 (₹)
IL&FS Renewable Energy Limited	Short Term Advances – Other advances recoverable in cash or kind		Nil (7,886)
IL&FS Engineering & Construction Co. Ltd.	Consultancy Income	12,704,205 (Nil)	
	Trade Receivables		12,620,958 (Nil)
Elsamex S.A	Consultancy Income	10,889,318 (Nil)	

(Figures in brackets represent figures of previous year)

- 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

Remuneration For the year ended	March 31, 2014 (₹)	March 31, 2013 (₹)
Dr Archana Hingorani	30,513,073	27,137,700
Mr Shahzaad Dalal	82,758,238	72,321,387

- c) Transaction with IVC Employee Welfare Trust :

Nature of Transaction	March 31, 2014 (₹)	March 31, 2013 (₹)
Interest Income	4,443,905	19,216,446
Repayment of Loan	18,457,500	15,000,000
Payment of Interest	6,403,400	5,495,579
Disbursement of Loan	-	6,000,000
Purchase of Investments	241,347,750	-
Balance Loan Recoverable :	March 31, 2014 (₹)	March 31, 2013 (₹)
Loan Amount :		
Current portion of Long Term Loans	-	49,000,000
Long Term	-	135,575,000
Interest accrued :		
Current	-	18,732,641
Non Current	-	41,301,850

Notes Forming part of Consolidated Financial Statements

For The Year Ended 31st March, 2014

(32) Joint Venture Disclosure :

The Company has the following Joint Ventures as on March 31, 2014 and its proportionate share in the assets, liabilities, income and expenditure of the joint venture entities on the basis of the financial statements as at / for the year ended of those entities is given below :

Name of the Joint Venture Company	% of Holding	Assets (₹)	Liabilities (₹)	Income (₹)	Expenditure (₹)
IL&FS Milestone Realty Advisors Private Limited	40%	65,863,414 (82,323,467)	6,703,630 (6,724,634)	65,146,174 (77,977,680)	42,379,262 (56,861,340)
Standard Chartered IL&FS Management (Singapore) Pte Limited	50%	185,543,154 (212,555,533)	84,158,893 (92,886,699)	94,705,664 (184,555,045)	78,873,088 (129,065,901)

(Figures in brackets represent figures of previous year)

(33) Segment Reporting :

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

(34) 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 : May 05, 2014

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of the Company will be held on Thursday, August 7, 2014, at 3.30 p.m. at the Rangaswar Hall, Y.B. Chavan Centre, General Jagannathrao Bhosale Marg, Opposite Mantralaya, Mumbai 400 021, to transact the following business :

ORDINARY BUSINESS

- (1) To receive and adopt the Audited Balance Sheet as at March 31, 2014 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, 2014
- (3) To appoint a Director in place of Mr Ramesh Bawa [DIN 00040523] who retires by rotation and being eligible, has offered himself for re-appointment
- (4) To appoint a Director in place of Mr Shahzaad Dalal [DIN 00011375] who retires by rotation and being eligible, has offered himself for re-appointment
- (5) To appoint M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai, Registration Number 117366W/W-100018, as the Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting for a period of three years, subject to annual ratification of their appointment by the shareholders and to authorise the Board of Directors to fix their remuneration

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 & 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr S M Datta [DIN 00032812], in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to March 31, 2019"

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper to give effect to this resolution"

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 & 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr Bansi Mehta [DIN 00035019], in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to March 31, 2019"

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper to give effect to this resolution"

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 & 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr Jitender Balakrishnan [DIN 00028320], in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to March 31, 2019"

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper to give effect to this resolution"

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 & 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr Siddharth Mehta [DIN 02665407], in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to March 31, 2019”

“RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper to give effect to this resolution”

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

“RESOLVED THAT subject to the applicable provisions, if any, of the Companies Act, 2013 and Companies Act, 1956 or any modifications thereof, approval of the members be and is hereby accorded to the re-appointment of Mr S M Datta [DIN 00032812] as the Non-Executive Chairman of the Company for a period of five years i.e. upto March 31, 2019”

“RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper to give effect to this resolution”

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

Place : Mumbai
Date : May 5, 2014

By Order of the Board of Directors

SANJAY MITRA
Company Secretary

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

The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder

- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 1, 2014 to Thursday, August 7, 2014 (both days inclusive). The Dividend as recommended by the Directors, if approved by the shareholders will be payable on or after August 7, 2014 and will be paid to those members whose names appear in the Company's Register of Members on July 31, 2014. 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 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010, 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. Section 101 of Companies Act, 2013 and rules made thereunder also allows serving notice of the general meeting in electronic mode. Therefore, the email addresses registered by the shareholders : (a) in respect of shareholding in demat mode - with the respective Depository Participant which will be periodically downloaded from NSDL / CDSL, and (b) in respect of physical holding - through a written request letter to the Registrar and Transfer Agent of the Company will be deemed to be the registered email address for serving all notices / documents including those covered under applicable provisions of Companies Act, 2013 and 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, Kantilal Manganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078. The Annual Report of your Company for the Financial Year 2013-14 will also be displayed on the website of the Company i.e. 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 applicable provisions of Companies Act, 2013 and the Companies Act, 1956 and Rules made thereunder, 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 2006-2007 is due for transfer to the Investor Education and Protection Fund in October 2014. Further, please note that the dividend paid for 2007-2008 and fractional amount arising out of bonus paid for 2007-2008 are due for transfer to the Investor Education and Protection Fund next year
- (10) The resolutions regarding the re-appointment of Mr Ramesh Bawa and Mr Shahzaad Dalal as Directors liable to retire by rotation and appointment of Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan and Mr Siddharth Mehta as Independent 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 Ramesh Bawa, Mr Shahzaad Dalal, Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan and Mr Siddharth Mehta are being provided :

Mr Ramesh Bawa : Mr Ramesh Bawa, presently is the Managing Director & Chief Executive Officer of IL&FS Financial Services Limited. Mr Bawa is a Post Graduate in Personnel Management & Industrial Relationships and also a Post Graduate in Political Science

Mr Bawa in the preliminary phase of his career has served organisations like Syndicate Bank and National Housing Bank. During 1995 he joined the IL&FS Group. He has been instrumental for a number of initiatives of the IL&FS Group with the Banking Sector/Insurance Companies and Financial Institutions at the domestic & international level. He is also a member of IL&FS Management Board and is also responsible for the entire financial services of the IL&FS Group

Mr Bawa 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, 2014, Mr Bawa does not hold any Equity Shares of the Company

Other Directorships :

Name of the Company	Position held	Membership of Committees*
IL&FS Financial Services Limited	Managing Director & CEO	–
IL&FS Infra Asset Management Limited	Chairman	–
IL&FS Cluster Development Initiative Limited	Director	Audit Committee – Member
Gujarat International Finance Tec-City Company Limited	Director	Audit Committee – Member
IL&FS Maritime Infrastructure Company Limited	Director	Audit Committee – Member
IL&FS Water Limited	Director	–
IL&FS Tamil Nadu Power Company Limited	Director	Audit Committee – Member

Name of the Company	Position held	Membership of Committees*
Hill County Properties Limited	Director	Audit Committee – Member
IL&FS Townships & Urban Assets Limited	Director	Audit Committee – Member
IL&FS Energy Development Company Limited	Director	–
IL&FS Trust Company Limited	Director	Audit Committee – Member
IL&FS Securities Services Limited	Director	–
IL&FS Capital Advisors Limited	Director	Audit Committee – Chairman
IL&FS Technologies Limited	Director	Audit Committee – Member Share Allotment & Transfer Committee – Member
Maytas Infra Asset 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 Shahzaad Dalal : Mr Shahzaad Dalal is a Management Graduate from the Northeast Louisiana University with over 28 years of experience

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

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

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

Mr Dalal is not related to any Director of the Company. As on March 31, 2014. Mr Dalal holds 2,750,309 Equity Shares of the Company

Other Directorships :

Name of the Company	Position held	Membership of Committees*
IL&FS Financial Services Limited	Director	-
Shoppers Stop Limited	Director	Audit Committee – Member
Datamatics Global Services Limited	Director	Audit Committee – Member
IG3 Infra Limited	Director	Audit Committee – Member
DEN Networks Limited	Director	Audit Committee – Member
IL&FS Milestone Realty Advisors Private Limited	Director	-
Ramky Enviro Engineers Limited	Director	-
QVC Realty Private Limited	Director	-
Sterling Holiday Resorts (India) 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 S M Datta : Mr S M Datta graduated with Honours in Chemistry from the Presidency College, Kolkata and obtained his Post Graduate Degree in Science & Technology from the Kolkata University. He is a Chartered Engineer, Fellow of The Institution of Engineers (India), Fellow of the Indian Institute of Chemical Engineers, Member of the Society of Chemical Industry (London) and Honorary Fellow of the All India Management Association

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

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

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

Mr Datta is the Non-Executive Chairman of the Company, Chairman of the Compensation Committee and a Member of the Shareholders'/Investors' Grievance Committee and the Audit Committee of the Company. As on March 31, 2014. Mr Datta holds 4,750,000 Equity Shares of the Company. Mr Datta is not related to any Director of the Company

Other Directorships :

Name of the Company	Position held	Membership of Committees*
Castrol India Limited	Chairman	Shareholders'/Investors' Grievance Committee – Chairman Audit Committee – Member
Philips Electronic India Limited	Chairman	-
Transport Corporation of India Limited	Chairman	Audit Committee – Member
Specialty Restaurants Limited	Chairman	-
Peerless Financial Products Distributors Limited	Chairman	-
Peerless Gen. Fin. & Inv. Co. Ltd.	Director	Audit Committee – Member
Peerless Hotels Ltd.	Director	-
Zodiac Clothing Company Ltd.	Director	-
Atul Limited	Director	-
Bhoruka Power Corporation Limited	Director	Audit Committee – Chairman
Rabo India Finance Limited	Director	Audit Committee – Member
Door Sabha Nigam Limited	Director	-
Chandras Chemical Enterprises (Pvt). Ltd.	Director	-

Note : The list of Directorships excludes Foreign Companies

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

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

He is also Chairman of the Audit Committee and Member of the Compensation Committee of the Company. Mr Bansil Mehta is not related to any Director of the Company. As on March 31, 2014, Mr Mehta holds 3,493,750 Equity Shares of the Company

Other Directorships :

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

Note : The list of Directorships excludes Foreign Companies

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

Mr Jitender Balakrishnan : Mr Jitender Balakrishnan is a Bachelor in Mechanical Engineering from National Institute of Technology (NIT), Madras University and a Post Graduate Diploma holder in Industrial Management from Bombay University

Mr Balakrishnan is a former Deputy Managing Director of IDBI Bank and was Group Head Corporate of "IDBI Bank Limited". During Mr Balakrishnan's tenure in IDBI Bank he played a varied role. He was responsible for complete credit advances in Corporate Banking (Project & Infrastructure Lending), Investments, Sourcing and debt syndication. He was also in-charge of Information Technology, Corporate Accounts and Transaction Banking and has served as a member of IDBI's Credit Committee, Asset Liability Management Committee and Investment Committee. Mr Balakrishnan also has had varied experience in sectors like Oil and Gas, Refineries, Power, Airports, Roads Ports, Steel, Cement, Fertilizers, Petrochemicals, Hotel, Pharmaceuticals & Paper and has also served on the Board of Directors of various corporates in the areas of Telecom, Steel, Textile, Fertilizer, Infrastructure, Housing Finance and Asset Reconstruction

Mr Balakrishnan is not related to any Director of the Company and as on March 31, 2014 he does not hold any share in the Company

Other Directorships :

Name of the Company	Position held	Membership of Committees*
Bharti AXA Life Insurance Company Limited	Director	-
Bharti AXA General Insurance Company Limited	Director	-
Usha Martin Limited	Director	Audit Committee – Chairman
Bhoruka Power Corporation Limited	Director	-
Aditya Birla Finance Limited	Director	-

Name of the Company	Position held	Membership of Committees*
Polyplex Corporation Limited	Director	-
Sarda Energy & Minerals Limited	Director	Investor's Grievance Committee – Member
India Glycols Limited	Director	-
Essar Services India Limited	Director	-
Bharti Infratel Limited	Director	Audit Committee – Member
Essar Projects India Limited	Director	-
Binani Cements Limited	Director	Audit Committee – Chairman
Equinox Realty & Infrastructure Private Limited	Director	-
Magus Estates & Hotels Private Limited	Director	Audit Committee – Member

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 Siddharth Mehta : Mr Siddharth Mehta holds a B.Sc. in Business Management and Finance from King's College, University of London

Mr Mehta is the founder of Bay Capital Partners. He has had a career spanning over 14 years in asset management. He was responsible for building Kotak's international institutional asset management business in Europe. Previously, Mr Mehta had also established the "WM India Fund", one of the first India-focused hedge funds, together with the Kotak Mahindra group. He also held various positions in fixed income division with Schroders Investment Management and Barings Asset Management

Mr Mehta is not related to any Director of the Company and as on March 31, 2014 he does not hold any share in the Company

Other Directorships :

Name of the Company	Position held	Membership of Committees
IL&FS Energy Development Company Limited	Director	-
Indus Equicap Consultancy Limited	Director	-

Note : The list of Directorships excludes Foreign Companies

(11) E-Voting Facility :

- (I) In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide an option to the members holding shares in demat form and in physical form, to vote by way of electronic voting / e-voting to enable members to cast their vote electronically

The Company has appointed National Securities Depository Limited (NSDL) to provide e-voting facility to its members. The voting period starts on Friday, August 1, 2014 at 9 a.m. and ends on Sunday, August 3, 2014 at 5.30 p.m. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote is casted by shareholder, the shareholder shall not be allowed to change it subsequently

The cut-off date (record date) for shareholders eligible to vote electronically is June 30, 2014. Those not casting their vote electronically, may only cast their vote at the Annual General Meeting

- (II) Mr Jagdish Patel of M/s Jagdish Patel & Co., Practicing Company Secretaries, has been appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner

- (III) You are requested to carefully read the e-Voting instructions as below, before casting your vote on e-Voting site : <https://www.evoting.nsdl.com/>
- (a) In case of Shareholders' receiving e-mail from NSDL
- (i) Open e-mail and open PDF file viz. "IIML Info e-Voting.pdf" with your Client ID or Folio Number as Password. The said PDF file contains your User ID and Password for e-voting. Please note that the password is an initial password
 - (ii) Launch internet browser by typing the following URL : <https://www.evoting.nsdl.com>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password noted in step (i) above. Click Login
 - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Kindly take note for your new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
 - (vi) Home page of e-Voting opens. Click on e-Voting : Active Voting Cycles
 - (vii) Select "EVEN" (E-Voting Event Number) of IL&FS Investment Managers Limited
 - (viii) Now you are ready for e-Voting as Cast Vote page opens
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail : jppvapi13@yahoo.com, with a copy marked to evoting@nsdl.co.in
- (b) In case of Shareholders' receiving e-mail from NSDL
- (i) Initial password is provided at the bottom of the Attendance Slip
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of (a) above, to cast vote
- (c) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote
- (e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s)
- (IV) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company
- (V) The results declared along with the Scrutinizer's Report shall be placed on the Company's website within two days of the passing of the resolutions at the 28th Annual General Meeting of the Company on August 7, 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND APPLICABLE PROVISIONS OF ERSTWHILE COMPANIES ACT

Item Nos. 6, 7, 8, & 9

As per Sections 149, 150 and 152 of the Companies Act, 2013 Independent Directors shall hold office for a term of five consecutive years on the Board of a Company and shall not be liable to retire by rotation. The Act requires compliance with this provision within one year from the notification of rules, i.e. from April 1, 2014

The current Independent Directors of the Company, namely, Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan and Mr Siddharth Mehta do not have a fixed term and their appointment is also subject to retirement by rotation. To align the appointment of the Independent Directors with the requirements of the Companies Act, 2013 it is proposed to re-appoint the Independent Directors for a term of five consecutive years at the ensuing Annual General Meeting of the Company

The notice proposing Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan and Mr Siddharth Mehta for the office of Director of the Company has been received from the members of the Company. Copy of the draft letter for appointment of Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day

In the opinion of the Board Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan and Mr Siddharth Mehta, individually fulfill all the conditions specified in the Act and the rules made there under, for their appointment as Independent Directors of the Company and the proposed Directors are independent of the management. The Board considers continued association of Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan & Mr Siddharth Mehta in the interest of the Company and recommends passing of resolution at Item Nos. 6,7,8, & 9

The Board recommends passing of this resolution

None of Directors/Key Managerial Personnel of the Company nor their relatives except, Mr S M Datta, Mr Banshi Mehta, Mr Jitender Balakrishnan and Mr Siddharth Mehta to the extent of their appointment in respective resolutions, are concerned or interested in resolution at Item Nos. 6,7,8 & 9

Item No. 10

Mr S M Datta, Independent & Non-Executive Director of the Company was re-appointed as Non-Executive Chairman of the Company at the Twenty Sixth Annual General Meeting of the Company dated July 24, 2012 for a period of five years with effect from April 1, 2012

As the resolution for appointment of Mr S M Datta as an Independent Director pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 for a fixed term of five years is proposed at Item No. 6, it is proposed to appoint Mr S M Datta as the Non-Executive Chairman for five years for a term up to 31st March, 2019 at Item No. 10 to coincide with Mr Datta's tenure as an Independent Director of the Company

The Board recommends passing of this resolution

None of Directors/Key Managerial Personnel of the Company nor their relatives except, Mr S M Datta are concerned or interested in the said resolution

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

Place : Mumbai
Date : May 5, 2014

By Order of the Board of Directors

SANJAY MITRA
Company Secretary

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L65999MH1986PLC147981

Name of Company : IL&FS Investment Managers Limited

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

Name of the member(s) :

Registered address :

E-mail Id :

Folio No/Client Id :

DP ID :

I/We, being the member (s) of _____ shares of the above named company, hereby appoint

1) Name : _____, Address : _____

E-maid ID : _____, Signature : _____, or failing him;

2) Name : _____, Address : _____

E-maid ID : _____, Signature : _____, or failing him;

3) Name : _____, Address : _____

E-maid ID : _____, Signature : _____, or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Thursday, August 7, 2014 at 3.30 p.m. at the Rangaswar Hall, Y.B. Chavan Centre, General Jagannathrao Bhosale Marg, Opposite Mantralaya, Mumbai 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below :

Ordinary Business :

- 1) Adoption of Financial Statements for the year ended March 31, 2014
- 2) Declaration of Dividend for the year ended March 31, 2014
- 3) Re-appointment of Mr Ramesh Bawa, who retires by rotation
- 4) Re-appointment of Mr Shahzaad Dalal, who retires by rotation
- 5) Appointment of Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company

Special Business :

- 6) Appointment of Mr S M Datta as an Independent Director
- 7) Appointment of Mr Banshi Mehta as an Independent Director
- 8) Appointment of Mr Jitender Balakrishnan as an Independent Director
- 9) Appointment of Mr Siddharth Mehta as an Independent Director
- 10) Re-appointment of Mr S M Datta as the Non-Executive Chairman

Signed this ____ day of _____ 2014

Signature of Shareholder _____

Signature of Proxy Holder(s) _____

Re.1/-
Revenue
Stamp

Signature

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Notes

IIML's Corporate Social Responsibility Program covers three NGOs



Masoom aims to empower, strengthen and transform night schools through education and policy support. Currently, Masoom supports 30 schools in Mumbai

Mumbai Mobile Creches (MMC) supports the health, education and safety of ~4,500 children of construction labourers in Mumbai

Sunbeam provides booster education to students of municipal schools in Central and Western Mumbai. It supports ~1,100 students

KEY ACTIVITIES DURING THE YEAR

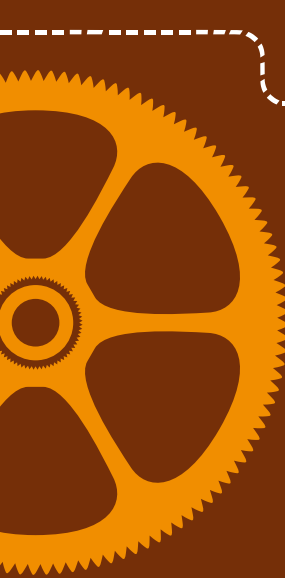
IIML supports the Meenatai Kurude Night School in Mumbai which has ~140 students.

During the year, with IIML support, Masoom distributed notebooks, graph books and textbooks to the students; provided nutrition to all school children; awarded scholarships to 3 students; and introduced e-learning sessions

IIML employees visited the MMC centres to celebrate family occasions

~650 children from MMC benefited from various programs sponsored by IIML. Programs included an Annual Camp for over 400 children at Marve Beach; a swimming programme held at Breach Candy Swimming Club; a movie screening; and visits to the zoo, museum and a biscuit factory

Supported 225 Standard-I students at Sunbeam's Worli centre



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

