

ANNUAL REPORT 2016



Private Equity

IL&FS Investment Managers Limited

contents

Corporate Information	01
Chairman's Reflections	02
From The Office Of The Managing Director	04
Notes From The Chief Executive	06
Financial Highlights	08
Emerging Themes	09
Corporate Social Responsibility	10
Financial Statements	12

corporate information

BOARD OF DIRECTORS

Mr S M Datta
Chairman

Mr Ravi Parthasarathy

Mr Bansi S Mehta

Mr Hari Sankaran

Mr Vibhav Kapoor

Mr Ramesh Bawa
Managing Director

Dr Archana Hingorani
Chief Executive Officer
& Executive Director

Mr Milind Patel

CHIEF FINANCIAL OFFICER

Mr Manoj Borkar

COMPANY SECRETARY

Mr Sanjay Mitra

BANKERS

HDFC Bank Limited

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP
Chartered Accountants

INTERNAL AUDITORS

M/s Patel & Deodhar
Chartered Accountants

SECRETARIAL AUDITORS

M/s Mehta & Mehta
Company Secretaries

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 2594 6970 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 2653 3333 Fax : +91 22 2653 3056



Mr. S M Datta
Chairman

CHAIRMAN'S reflection

Dear Shareholders,

The year 2015 was one of moderate growth for the global economy, largely led by plunging oil prices and volatile equity and currency markets. This had a more pronounced impact on the emerging markets even as the advanced economies maintained modest growth rates. In spite of the challenges emanating from a slowdown in China and global manufacturing weakness, Emerging Markets are expected to show better growth in 2016, led by expectations of a robust growth in India and some parts of emerging Asia

The Indian economy has displayed clear signs of improvement. The Government has shown its intent of continuing reform momentum and the improvement in the business environment is palpable. Relentless efforts are also being made to promote investments, and encourage employment and entrepreneurship within the country

In its recent budget, the Government has taken significant measures to channelize funds into the rural sector and the result will soon be visible if the expectations of a better monsoon come to fruition. A further boost to consumption is expected with the implementation of One Rank One Pension (OROP) and the Seventh Pay Commission

During FY2016, the economy met its GDP growth and inflation targets. Consequently the Reserve Bank of India (RBI) adopted a softer stance on interest rates. Four interest rate cuts aggregating to a reduction of 150 basis points have been announced since January 2015. This is expected to further encourage investments, ease liquidity and support the government's fiscal policies. Further rate cuts are widely anticipated, on the back of strong GDP growth and a more controlled inflation, going forward

However, for any growth to be sustainable, it needs the support of a larger share of funds being allocated towards asset creation. On this front, the Indian economy continues to post disappointing numbers. The corporate sector has continued to be under stress, leading to lack of investment appetite and subdued employment growth. The banking sector has also been burdened with large and visible defaults and thus has become increasingly risk averse, resulting in a lower than expected credit growth

Also, the impact of global uncertainties and events on the Indian economy cannot be ruled out. Impact of tightening of the monetary conditions in the US and the potential exit of Britain from the European Union continue to loom large. Weakening of global trade, contributed to a large measure by the slowing Chinese economy, compounded with the

geo political tensions continue to temper the global growth outlook. Overall, there are increasingly visible downside risks, factoring which, the International Monetary Fund has projected slower than expected global growth rate at 3.4% for 2016

The investor sentiment in the global Private Equity industry continued to be a reflection of the volatility in the equity and currency markets. India, with its projections of 7%+ growth rates, managed to sustain the interest of the investors, albeit largely in the IT&ITES sector. Since then, even these potential growth sectors have seen tempering

The Government has taken initiatives to promote bank financing for start-up ventures to boost entrepreneurship. This is expected to attract more Private Equity investments in this sector, although in more measured terms. Furthermore, key impediments in the development of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) have been addressed by the Government. The launch of such products will help developers in monetising assets and would create opportunities for investors looking at stable yields

The global investor has also increasingly started to stress on adherence to Environmental, Social and Governance (ESG) standards, resulting in increased capital allocation to socially relevant investment themes that lay focus on sectors such as financial inclusion, healthcare, education, food and agriculture, clean energy and technology

These developments bode well for IIML. Your company, with its expertise and product spread, can take advantage of the above opportunities by deepening its product offering. For instance, InvITs arguably have a vast scope in bringing structured and predictable returns to investors and management of such vehicles would help broaden our revenue profile. Other similar efforts to diversify beyond classic equity fund management would also need to be considered in this fiscal. Offering structured products across infrastructure and real estate, not just in India, but in other geographies is part of our strategy. This ability to innovate has been our forte, and we are confident of delivering visible outcomes during the current year

With Regards,

Mr. S M Datta
Chairman

June 16, 2016



“...efforts to diversify beyond classic equity fund management would also need to be considered in this fiscal. Offering structured products across infrastructure and real estate, not just in India, but in other geographies is part of our strategy.”





R C Bawa
Managing Director

FROM THE OFFICE OF THE managing director

Dear Shareholders,

We are at the cusp of encouraging years, with Indian GDP growth touching a five-year high of 7.6% in FY2016, fastest amongst major economies. In the present era of economic volatility, India has emerged as an island of sustainable growth. This has brought India back on the radar of institutional investors, who for some time had shied away due to lacklustre returns and the depreciating Indian currency

In contrast, global growth has been tame over the last couple of years, and continued moderation is expected going forward as well. In tandem, the global Private Equity industry has also faced uncertain times, with funds raised in emerging markets declining 17% yoy and fund deployment reducing 24% yoy in 2015. Although, India bucked the trend with dry powder reaching US\$ 3 bn, highest in the last four years, the flow has been concentrated largely on technology enabled services. On the other hand, the real estate and infrastructure sectors in India have witnessed a below par

investment environment – returns in these sectors have been impacted by policy uncertainty and project delays. As a result, while marquee global institutional investors would like to commit large amounts of capital, their decision making has been more cautious than before. This has adversely impacted the timelines for raising new funds in these sectors

Recognizing these impediments, we have utilised the last year in reaching out to investors in the eastern geographies of Japan, Korea, China and Australia. There is an opportunity for greater participation of investors from these regions in India, and your Company is engaging with them, educating them on India and addressing their concerns on the regulatory environment and other project related risks

While interacting with institutional investors from multiple geographies, varied investor appetite and themes have emerged. The large institutional investors want to allocate funds to sectors such as Infrastructure, Real Estate and Renewable Energy, as these sectors can absorb large ticket sizes. These investors have a strong bias towards clarity



“..while recent years have been challenging, we have utilized this period to put together various elements that are intrinsic to taking advantage of the sustained period of high growth expected to play out for India.”

of cash flows and on project risks being mitigated to the maximum possible extent. We have extensive experience in each of these sectors. This experience is backed by the operating expertise of the IL&FS Group, which is a leader in the infrastructure space in India. We are therefore ideally placed to capitalise on these opportunities. Accordingly, your Company is working on new fund structures and themes that will appeal to these investors

Towards this end, we have launched an Infrastructure fund which will concentrate on operational assets and steady yields. Policy clarity has also been brought in by the Government of India around Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs). We are excited about the opportunity, which such investment vehicles will catalyse, and are working on launching new product offerings as part of the InvIT / REIT structure. We are also looking to create asset pools for direct / co-investments, which would provide for a greater level of decision making for our Limited Partners, and flexibility in participation

I would like to reiterate to our shareholders, that while recent years have been challenging, we have utilized this period to put together various elements that are intrinsic to taking advantage of the sustained period of high growth expected to play out for India. With your continued support, we are confident of expanding our franchise, making deeper inroads into our investor base and of creating higher shareholder value over the years to come

With Regards,

R C Bawa
Managing Director

June 15, 2016

notes from the CHIEF EXECUTIVE



Dr. Archana Hingorani
Chief Executive Officer & Executive Director

Dear Shareholders,

Even as the past year was a mixed one for the global economy, the year ended well for India with our economy emerging as the fastest growing in the world. The Indian Government has made visible efforts to improve India's business attractiveness. Lower oil prices, inflation and interest rates have also combined to provide a boost to growth in India. Be that as it may, persisting corporate sector stress, risk aversion in the banking system, and the weaker global growth and trade outlook does pose a continued challenge to consistent growth

For the Private Equity sector, the India Mauritius Double Taxation Avoidance Treaty was amended to make shares of Indian companies acquired after April 2017 by Mauritius resident entities taxable in India. There is no immediate effect of this on the Private Equity business since the existing investments will be grandfathered and will not be liable to tax in India. However, this move is a positive step in clarifying the position on tax laws to future investors and adds an element of greater transparency to the entire fund raising, investment and management structure in India

During the year, our efforts to enhance the value of our portfolio continued in the face of challenges of general currency volatility, capital outflows and decline in commodity prices faced by the Indian economy. The Private Equity sector also displayed clear vulnerability to swings in market sentiments and capital outflows but with our sustained efforts, the Tara India Fund IV, our Fund in Growth PE vertical, continued to garner interest from Indian financial and multilateral institutions. Existing investors are also looking to commit larger amount of capital, and a final close is expected shortly

In the Infrastructure vertical, the IL&FS India Infrastructure Fund has been strategically targeting investors in select geographies of Japan, Korea, China and Australia. Past experience of investors in relation to regulatory environment, pace of project development, hurdles in the approval process, and wariness with respect to currency volatility, has resulted in a more elongated conversion timeframe than planned. The Government's visible efforts to increase investment and significant focus on infrastructure development in the current budget is expected to boost investor interest in the Fund, and generate a better traction for the Fund close during the year

The recent positive policy initiatives of the government with respect to Infrastructure and Real Estate Investment Trusts (InvITs / REITs), as announced in the last Budget, augur well for IIML. With our proven track record in Infrastructure, the environment is now favourable for us to play on our strength and expertise and act as managers for such InvITs / REITs. This also marries well into the theme of evolving the Company's business model beyond classic fund management. This evolution would also be in the form of extension of existing lines of business by deepening the product offering to include debt in addition to equity as well as by spreading our business presence across geographies like the Middle East and Africa

IIML has, over the last couple of years, taken on success fee based mandates. Outcomes have been satisfactory, and we plan to build on this practice. One natural extension of such services is creation of a consortium of investors with common investment objectives to invest in assets identified by us through our robust network of corporate relationships. IIML managed funds would also co-invest alongside such consortiums, providing an additional degree of comfort to the

consortium members. We are positive that this strategy would, on one hand, provide a competitive edge to the Company vis-à-vis its peers, and on the other, help IIML to further strengthen its corporate relationships in the Indian marketplace

On the Real Estate front, during the year, IL&FS India Realty Fund II, which was raised in 2007, approached the end of its life in December 2015, while IL&FS India Realty Fund approached the end of its earlier extended Fund life in April 2016. The Terms of both these Funds have been extended; a reflection of the confidence reposed by our investors in our capability to manage and extract value from the underlying investments of these Funds. Exits from these Funds would generate incentive fees for IIML. This arrangement during the extended Fund Term is expected to generate considerable fee income for IIML

Endeavours to generate optimal exits often involve protracted negotiations and the IIML team has left no stone unturned towards this end. These efforts have resulted in aggregate divestments of ₹ 14.7 bn in FY2016, compared to ₹ 11.7 bn last year and ₹ 9.7 bn the year before. The divestment cashflow during FY2016 was generated from 19 sale transactions. This track record of monetizing assets in a challenging environment assuages the investor concerns around liquidity of unlisted investments and provides a fillip to our fund raising efforts

Our focus for the current year remains on maintaining the pace of monetizing our investments. However, as we attain success on this front, we have to be mindful of the concomitant reduction in the funds under management. In order to address the expected fall in AUM, we will therefore have to, in equal measure, expend energies towards taking to market newer product offerings. The efforts required to build and roll out these new products will entail a higher degree of marketing spend, which, in turn, may impact profitability in the short term. Long term value creation is in our DNA. We therefore recognize and firmly believe that these initiatives, while impinging on current year's cashflows, would deliver longer term and sustained business value for the Company, and benefits for our shareholders

With Regards,

Dr. Archana Hingorani
Chief Executive Officer & Executive Director

June 14, 2016

“Long term value creation is in our DNA. We therefore recognize and firmly believe that these initiatives, while impinging on current year's cashflows, would deliver longer term and sustained business value for the Company, and benefits for our shareholders.”



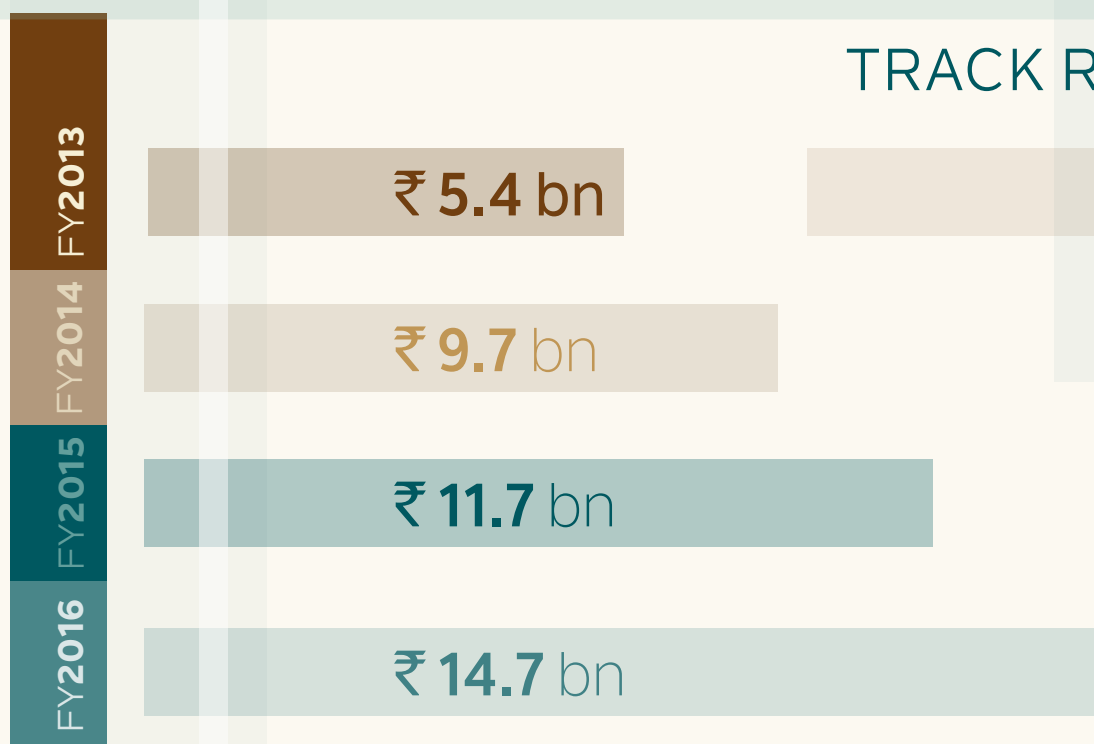
FINANCIAL HIGHLIGHTS

	(₹ mn)				
Particulars	FY2012	FY2013	FY2014	FY2015	FY2016
Total Income	2,247	2,269	2,229	2,087	1,908
Total Expenses	1,294	1,258	1,222	1,122	1,160
PBT	953	1,011	1,007	965	748
PAT	735	766	725	730	561
PAT(%)	33	34	33	35	29
EPS *(₹)	2.4	2.5	2.3	2.3	1.8

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

divestment

TRACK RECORD



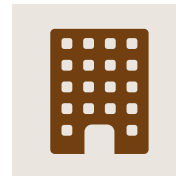
EMERGING THEMES

The Indian economy is presently the fastest growing amongst the major economies and is generating high interest with the international investors. The varied appetite of the institutional investors is giving rise to new investment themes and some of these themes are aided by regulatory support. IIML intends to capitalise on these opportunities

READY COMMERCIAL ASSETS & OPERATIONAL PROJECTS

Helps the Asset Owners monetise assets, deleverage balance sheets and provide capital for new projects. For Investors, such formats mitigate regulatory and project related risks, provide greater participation & control, and generate a steady stream of reverse cash flows

Beginning to see large ticket transactions from marquee international investors in the RE commercial space, renewable and the road space



REAL ESTATE INVESTMENT TRUSTS (REITs) AND INFRASTRUCTURE INVESTMENT TRUSTS (InvITs)

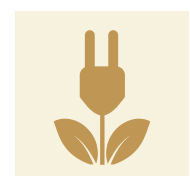
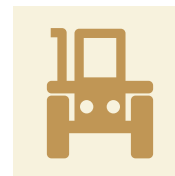
Regulations for REITs and InvITs recently finalised. This is aimed at helping infrastructure and real estate sector monetize assets and efficiently recycle capital for the next round of asset creation

Provide regular yields in a tax efficient manner and bring higher standards of governance and management, making InvITs and REITs an attractive vehicle of investment for not only institutional investors but also high net worth individuals

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STANDARDS

Mitigates regulatory and governance risks and creates a positive impact on the society

Has led to an increase in capital allocation for defensive and socially relevant investment themes, such as financial inclusion, healthcare, education and skill development, food and agriculture, clean energy and technology, urban infrastructure and connectivity services



corporate social responsibility programme

In FY2016, IL&FS Investment Managers ("IIML") provided a grant of ₹ 11.6 mn towards continued support for educational initiatives in Mumbai, a pan India Skill Development Programme and a Livelihood Programme to provide livelihood opportunities to ragpickers. Additionally, IIML supported 2 new initiatives namely a livelihood programme for 100 women in rural Gujarat and a vocational training programme near Mumbai



Skill Development Programme : IIML supported a pan India skill development programme and provided 300-560 hours training to around 220 beneficiaries in the age group of 18-35 years. These include urban poor, women, persons with disabilities, disaster/project affected people and those not covered under any government schemes. On the job training was conducted across sectors such as hospitality and retail and for trades such as welding and electrical repairs

Ghazipur : IIML funded a 10 day skills programme for 30 rag pickers at Ghazipur in New Delhi. Additionally, IIML also supported a paper bag making project and a paper recycling unit

Masoom : IIML has been supporting Masoom since 2011. In FY2016, support was provided to 2 schools in Wadala and Vikhroli to improve the quality of education. Additionally, IIML also funded a short term skills programme for 135 students of Masoom. Training was conducted across various trades including electrical repairs, mobile repairs, beautician & retail selling





Livelihood Programme : IIML partnered with Shroff Foundation to provide placement/job-linked skilling programme for 100 women in rural areas near Vadodara in Gujarat. These women are currently being trained in skills such as hand embroidery, bed side assistance and industrial sewing machine operations

Sunbeam : IIML supported around 230 students of Class III. Over 2/3rd students recorded attendance of over 80%. 208 students scored over 71% in Semester II as compared to 148 students in Semester I

Mumbai Mobile Creches : IIML supported a comprehensive daycare programme including providing education materials, funding teachers' salaries, organising educational outings and an annual exposure visit for staff members. In November 2015, MMC celebrated its annual book week for 5 days to inculcate the reading habit in children. IIML employees participated in the event and visited an MMC centre located at Wadala. In January 2016, MMC conducted its Annual Camp. 350 children above 5 years from MMC's day care centres in construction sites attended the camp in 4 batches

Savali : In FY2016, IIML spent Rs 0.8 mn towards funding a vocational training programme at Dengachimet Village, near Mumbai. IIML grant was used for purchase of training material to implement the vocational training courses, part construction of rooms and identification and training of mentors to implement the curriculum





financial statements



CONTENTS

Directors' Report	14
Annexures to the Directors' Report	22
Management Discussion and Analysis	38
Corporate Governance Report	42

STANDALONE FINANCIALS

Auditors' Report	57
Balance Sheet	62
Statement of Profit and Loss	63
Cash Flow Statement	64
Notes Forming Part of Financial Statements	66
FORM AOC - 1	94

CONSOLIDATED FINANCIALS

Auditors' Report	96
Balance Sheet	100
Statement of Profit and Loss	101
Cash Flow Statement	102
Notes Forming Part of Financial Statements	104

NOTICE	138
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PROXY FORM	149
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DIRECTORS' REPORT

To The Members of IL&FS Investment Managers Limited

Your Directors have pleasure in presenting for your consideration and approval the Thirtieth Annual Report with the Audited Financials of the Company for the year ended March 31, 2016

FINANCIAL ACHIEVEMENTS AND DIVIDEND

	For the year ended March 31, 2016 (₹ mn)	For the year ended March 31, 2015 (₹ mn)	For the year ended March 31, 2016 (₹ mn)	For the year ended March 31, 2015 (₹ mn)
	Standalone	Standalone	Consolidated	Consolidated
Total Income	1070.96	1154.63	1907.60	2086.80
Profit before Taxation	648.81	761.68	747.69	965.07
Provision for Taxation	157.47	202.76	186.58	234.14
Net Profit after Taxation	491.34	558.92	560.85*	730.26*
Profit available for appropriation (inclusive of balance carried forward from the previous year)	704.12	718.69	2720.77	2681.15
Appropriations:				
General Reserve	-	57.00	-	57.00
Dividend (inclusive of dividend tax)	399.95	448.90	412.63	464.23

* after Minority Interest

The Company does not propose to transfer any amount to the General Reserve

DIVIDEND

During the year, your Company achieved a Net Profit after Tax of ₹491.34 mn. Your Directors recommend a Dividend of ₹1.20 per share of the Face Value of ₹2/- each. The total amount of Dividend is ₹399.95 mn (inclusive of dividend tax of ₹23.11 mn)

REVIEW OF OPERATIONS

The global economic recovery remained muted in CY2015 and growth in emerging markets and developing economies declined for the fifth consecutive year. Even as the US economy showed resilience, plunging oil and commodity prices along with volatile equity and currency markets led to the International Monetary Fund estimating a lower global growth rate at 3.4% in CY2016. Even so, factors like tightening of economy in the US and a slowdown in China are expected to weigh on this growth rate along with a potential exit of Britain from the European Union

The Indian economy showed signs of improvement with baseline GDP growth rate target of 7.6% for FY2016 being achieved, inflation under control and RBI announcing four rate cuts since January 2015, aggregating 150 basis points. With the expectation of an improved business environment, boosted by a projection of better monsoon leading to higher consumption demand, the economy is projected to grow at 7.6% in FY2017. The Government has laid considerable thrust on infrastructure and rural sector in the Union Budget for 2016-17 and is expected to increase investment. However, risk aversion in the banking sector and weaker global growth and trade outlook could temper the growth outlook

The global Private Equity industry continued to reflect the uncertain economic environment with funds raised for Emerging Markets in 2015 declining 17% from 2014 to US\$ 44 bn as also the deployment which reduced from US\$ 38 bn to US\$ 29 bn. Overall, due to currency volatility and capital outflows, the emerging markets share of global fund raising declined from 14% in 2014 to 12% in 2015

With projections of a steady 7%+ growth rates in the country, India continued to attract investor interest. The fund raising environment in India picked up, with an aggregate fund raising for FY2016 at US\$ 5.8 bn, up 24% compared to FY2015. However, bulk of the funds have gone towards the Venture Capital sectors resulting in 45% of total investments coming into IT&ITES sector. Even so, concerns regarding a potential slowdown continued to build as the number of VC deals fell by 14% on a quarterly basis in Q4 CY2015. Investments in the Real

DIRECTORS' REPORT

Estate sector declined 20% year on year while limited primary deals were concluded in the Infrastructure sector. However, with developers looking to reduce their debt burden and recycle capital, the latter sector is showing considerable promise to Private Equity players and acceleration is expected in this sector going forward

With a clear understanding of the market drivers and the types of fund products which would meet the investor's requirements, the Company has structured the IL&FS India Infrastructure Fund targeting investors seeking a regular yield together with emerging market returns. Fund raising efforts are focused on investors in the geographies of Japan, Korea and Australia. Despite keen interest, investor conversion is slow due to currency volatility and also due to their prior experience in India

The Tara India Fund IV which had a first close of US\$ 40 mn in January 2015 received additional approvals from financial and multilateral institutions and also saw an increase in commitment from the existing investors. A final close is expected shortly. The Fund's focus areas of healthcare and life sciences, education and skill development, clean energy, financial inclusion, food and agriculture, water, urban infrastructure and connectivity services are in sync with where the focus of the current government policy lies as also the areas with maximum growth potential in the near and long term

In Real Estate, IL&FS India Realty Fund II with a corpus of US\$ 895 mn, approached the end of its life in December 2015. The investors reposed their faith in the Fund's endeavours to generate exits and extended the fund life, recognising that optimal exits often involve protracted negotiations. In this sector as well, recognising the shift in the investors demand towards more structured products, the Company has started marketing a listed product to them. While similar concerns around currency and returns are being faced, your Company with its track record and expertise in the sector is addressing the same through a measured process of investor education. However, this has resulted in increased timelines for fund raise

The Company also has a significant opportunity to showcase its expertise through its divestment track record and in implementation of Environment, Social and Governance Standards (ESG), given that all the current Funds being managed by the Company have implemented ESG and are presently in the monitoring and harvesting stage

During the year, the Company undertook 19 divestments, and coupled with yield/dividend income generated, provided reverse cash flows of ₹ 14.7 bn during FY2016, compared to the ₹ 11.7 bn cash flows generated during FY2015. Key Funds such as IL&FS India Realty Fund, Standard Chartered IL&FS Asia Infrastructure Growth Fund and Tara India Fund III, are in active divestment phase, and your Company is working with the respective investee companies to lay the path towards liquidity over the next 2-3 years

With a steady divestment pattern, the fee earning Assets Under Management (AUM) of the Company has been declining. Lower profitability from this count has been offset by a focus on generating other fee based income, as also by way of cost rationalisation

On a consolidated basis, the Total Income for the Financial Year 2015-2016 was ₹ 1907.60 mn and the Total Expenses for the year were ₹ 1159.92 mn and the resultant Profit after Tax on a consolidated basis for the Financial Year 2015-2016 was ₹ 560.85 mn (after minority interest)

On a standalone basis, the Total Income of the Company for the Financial Year 2015-2016 was ₹1070.96 mn and the Total Expenses for the year were ₹ 422.15 mn and the resultant Profit after Tax for the Financial Year 2015-2016 was ₹ 491.34 mn

SUBSIDIARIES AND JOINT VENTURES

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

Your Company also has two Joint Venture Companies viz. Standard Chartered IL&FS Management (Singapore) Pte Limited, Singapore and IL&FS Milestone Realty Advisors Private Limited

As per Section 129(3) of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [LODR] 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 Registered Office

DIRECTORS' REPORT

A separate statement pursuant to Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 containing the salient features of the Financial Statements of the Company's Subsidiaries and Joint Ventures in Form AOC 1 is given as an Annexure to Standalone Financial Statements

Performance and Financial position of the Subsidiaries and the Joint Venture 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, invested across seven investments. At present, the Fund has two balance investments on its books, which are in the process being divested. IAIML is playing an active role in managing, monitoring and crafting exit from these investments

The Total Income for Financial Year 2015-2016 was ₹5.63 mn inclusive of Income from Investments and Other Income of ₹ 3.27 mn. The Total Expenses of IAIML for the year were ₹ 5.09 mn and the resultant Profit after Tax for the year was ₹ 0.54 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, 2016, projects for term loans of ₹ 30.82 bn have been sanctioned from the PMDO facility and the Assets Under Management were at ₹ 17.38 bn

The Total Income for the Financial Year 2015-2016 was ₹ 157.41 mn inclusive of Income from Investments and Other Income of ₹ 8.77 mn. The Total Expenses of IUIML for the year were ₹ 122.15 mn and the resultant Profit after Tax for the year was ₹ 24.28 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 2015-2016 was ₹ 95.20 mn inclusive of Income from Investments and Other Income of ₹7.07mn. The Total Expenses of IAAL for the year were ₹68 mn and the resultant Profit after Tax for the year was ₹20.34 mn

IL&FS Investment Advisors LLC:

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

The Total Income of IIAL for the Financial Year 2015-2016 was US\$ 21.67 mn. The Total Expenses of IIAL for the year was US\$ 16.66 mn and the resultant Profit after Tax for the year was US\$ 4.83 mn

IIML Advisors LLC:

IIML Advisors LLC (IAL) has been set up for managing certain niche funds from Mauritius

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 a Manager to a Fund and as an Advisor to another Fund

The Total Income of IFMPL for the Financial Year 2015-2016 was US\$ 0.44mn. The Total Expenses of IFMPL for the year was US\$ 0.61 mn and the resultant Loss for the year was US\$ 0.17 mn

Standard Chartered IL&FS Management (Singapore) Pte Limited:

Standard Chartered IL&FS Management (Singapore) Pte. Limited (SCIMPL), is a 50:50 Joint Venture Company established with the Standard Chartered Bank to manage the Standard Chartered IL&FS Asia Infrastructure Growth Fund. The Manager is playing an active role in managing and monitoring these investments

The Total Income of SCIMPL for the Financial Year 2015-2016 was US\$ 2.34 mn. The Total Expenses of SCIMPL for the year was US\$ 2.42 mn and the resultant Loss (net of tax) for the year was US\$ 0.03 mn

DIRECTORS' REPORT

IL&FS Milestone Realty Advisors Private Limited:

IL&FS Milestone Realty Advisors Private Limited (IMRAPL), is a Joint Venture Company established with the objective of raising funds that would invest in income yielding assets. Since inception, the JV raised three funds that are currently under exit/asset management mode

The Total Income of IMRAPL for the Financial Year 2015-2016 was ₹ 86.4 mn inclusive of Income from Investments and Other Income of ₹ 4.16 mn. The Total Expenses of IMRAPL for the year were ₹ 76.32 mn and the resultant Profit after Tax for the year was ₹ 7.60 mn

FUTURE OUTLOOK

With a projected growth rate of 7.6% in FY2017, India's economy is on track to being one of the fastest-growing economies in the World this year. The Government has also announced measures with Rural sector and Infrastructure in focus to fuel growth. Continuing reform momentum, forecast of a better than normal monsoon, the likely boost to consumption demand from the implementation of the 7th Pay Commission recommendations and continuing monetary policy accommodation are expected to help maintain the growth trajectory. However, any weakening in global economic activity and volatility in the foreign exchange market along with uncertainty in oil prices could generate spill overs in the Indian market as well

Infrastructure in the country is in a challenging phase and with the regulator allowing Indian firms to launch Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) and the Government recently removing Dividend Distribution Tax on InvITs / REITs, more foreign funds are now expected to flow in India's financial markets. IL&FS India Infrastructure Fund is rightly positioned and well timed to channelize the investor interest into this sector. Though at a nascent stage, it is also an upcoming opportunity for IIML to play on its strength and expertise and act as managers for external InvITs and REITs

Your Company realises the need to evolve beyond classic fund management and to explore different business models through deepening of its existing product offering – for instance, offering structured products across infrastructure and real estate, not just in India but across geographies like Middle East and Africa. The Company is also initiating advisory services to offshore investors as success fee based mandates in the real estate space and would seek to build on this practice

In addition, the Company is conceptualising a consortium of like-minded investors to invest in opportunities sourced through our robust network of corporate relationships and in the process, also leverage the existing relationships. This initiative will give your Company a competitive edge on its peers through access to a large number of proprietary deals. The acquisition of the Infrastructure Debt Fund Business will be completed upon receipt of necessary regulatory approvals

While the new business lines envisaged would help broaden our revenue profile and ensure growth, it will also entail a higher marketing and establishment costs. Your Company would continue to stay focussed on managing and optimizing its costs in order to maintain its sight on profitability

With the Indian economy on its robust growth trajectory and a stable government continuing on the path to fiscal consolidation, the investment environment in India is becoming more optimistic. The Company with its long and diversified track record and unique expertise is optimally positioned to maximise on the opportunities that this offers and create better value for its stakeholders

DIRECTORS

Mr Siddharth Mehta who was appointed as an Independent Director during the year resigned from the Company with effect from May 1, 2016. Mr Arun Saha and Mr Shahzaad Dalal resigned as Directors of the Company with effect from September 14, 2015 and May 2, 2016, respectively

Mr Hari Sankaran was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on February 10, 2016 to hold office until the conclusion of the next Annual General Meeting. Dr Archana Hingorani was re-appointed as the Chief Executive Officer & Executive Director, subject to the approval of the shareholders, for a period of five years with effect from April 20, 2016

Mr Vibhav Kapoor shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment

BOARD INDEPENDENCE

The Company has received Declarations of Independence pursuant to Regulation 16(1)(b) and Regulation 25(1) of LODR and Section 149(6) of the Companies Act, 2013 from all the Independent Directors

DIRECTORS' REPORT

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met four times during the Financial Year ended March 31, 2016. The meetings were held during the year on May 5, 2015, August 11, 2015, November 10, 2015 and February 10, 2016. The details of the Board Committee Meetings and attendance of the Directors at the Board/Committee meeting are given in the Corporate Governance Report

SELECTION CRITERIA FOR APPOINTMENT OF DIRECTORS

The Board has framed a selection criteria for determining the necessary qualifications and attributes for appointment of Directors and also to ensure Board diversity. The details of the above are provided in the Corporate Governance Report

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and LODR, the Board has carried out an annual performance evaluation of the Board. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- (a) In the preparation of the Annual Accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- (b) that such accounting policies as mentioned in Note 1 of the Notes to the Annual Accounts have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the March 31, 2016 and of the Profit of the Company for the year ended on that date;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the Annual Accounts are prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively; and
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

Risk Management forms an integral part of the business of the Company. The Company has a Risk Management Framework, which not only ensures timely identification of risks, analysis of the reasons for such risk, assessment of its materiality, assessment of its impact but also adequate risk mitigation processes. The Risk Management Framework encompasses all areas of the Company's business and the Funds under its management. The Risk Management Framework ensures that all risks however remote which could potentially threaten the existence of the Company are identified and risk mitigation steps identified for them

The Company has an adequate system of internal controls commensurate with the nature of its business and complexity of its operations 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

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. No new Material Related Party Transactions were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act, 2013 in Form AOC 2 is not applicable

DIRECTORS' REPORT

The disclosure of transactions with Related Parties is set out in Note No. 27 of the Standalone Financial Statements, forming part of the Annual Report

The Company has developed a Related Party Transactions Framework for the purpose of identification and approval of such transactions. The Policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website and is available on the link <http://www.iimlindia.com/Policies.aspx>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of the Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes Nos. 8, 10, 11 & 14 of the Standalone Financial Statements

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Company has designated Dr Archana Hingorani, Executive Director & Chief Executive Officer, Mr Manoj Borkar, Chief Financial Officer and Mr Sanjay Mitra, Company Secretary as the Key Managerial Personnel of the Company

PARTICULARS OF EMPLOYEES

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 197(12) of the Companies Act, 2013 read with Rule 5(1) and Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of the Directors' Report for the year ended March 31, 2016

In terms of Section 136 of the Act, the Report and Accounts are being sent to the Member and others entitled thereto, excluding the information on employees' particulars pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which is available for inspection by the Member at the Registered Office of the Company during business hours on all working days of the Company up to the date of the ensuing Annual General Meeting. Any Member interested in obtaining a copy of the said information may write to the Company Secretary at the Registered Office of the Company. The particulars of employees pursuant to Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, is annexed as Annexure 1

DETAILS OF EMPLOYEE STOCK OPTION PLANS

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

During the Financial Year 2015-2016, the Nomination & Remuneration Committee of the Company did not grant any Options under the above schemes. Further please note that there are no options vested/exercised/lapsed during the Financial Year 2015-2016

The number of Options available for Grant in future under ESOP 2003, ESOP 2004 and ESOP 2006 are as follows:

ESOP 2003 - 37,815 Options

ESOP 2004 - 130,928 Options

ESOP 2006 - 1,935,000 Options

All the options granted till date under ESOP 2003, ESOP 2004 & ESOP 2006 have either vested or lapsed on or before March 31, 2016 and accordingly there is no employee compensation cost for the year ended March 31, 2016

The Auditors' Report for review of ESOP 2003, ESOP 2004 and ESOP 2006 is annexed as Annexure 2

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The remuneration paid to the Directors and the Senior Management is as per the Managerial Remuneration Policy of the Company. Brief details of the Managerial Remuneration Policy are provided in the Corporate Governance Report

DIRECTORS' REPORT

POLICY FOR PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has always been committed to provide a safe and dignified work environment for its employees which is free of discrimination, intimidation and abuse. The Company has adopted a Policy for Prevention of Sexual Harassment of Women at Workplace under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act"). The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of complaints of any such harassment. The Company has also constituted an Internal Complaints Committee to redress the complaints received under this policy. During the year, no complaints were received by the Company

STATUTORY AUDITORS

The Statutory Auditors of the Company M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, Registration Number 117366W/W-100018 were appointed at the Annual General Meeting held on August 7, 2014, for a period of three years subject to annual ratification of the same by the Members

Accordingly, the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company, is proposed for annual ratification by the Members at the ensuing Annual General Meeting

SECRETARIAL AUDIT

The Company has appointed M/s Mehta & Mehta, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The Secretarial Audit Report is annexed herewith as Annexure 3

QUALIFICATIONS IN THE AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s Deloitte Haskins & Sells LLP, Statutory Auditors, in their report and by M/s Mehta & Mehta, Company Secretaries in Practice, in their Secretarial Audit Report

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review

INCREASE IN SHARE CAPITAL

No new shares were allotted during the year and there has been no change in the share capital of the Company

CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) and 53(f) of the LODR, Related Party disclosure, Management Discussion and Analysis, Disclosure of Accounting treatment, Report on Corporate Governance along with the Auditors' Certificate on compliance with the Corporate Governance requirements have been included in this Annual Report as separate sections

CORPORATE SOCIAL RESPONSIBILITY

The Company has adopted a Corporate Social Responsibility (CSR) Policy, which aims at nurturing socio-economic development schemes for capacity building, livelihood creation, quality education, empowerment of people, etc., with the primary goal of ensuring that benefits reach the targeted beneficiaries. The approach of the Company for implementation of the CSR activities is to identify and fund projects in response to the needs of society, devise transparent monitoring mechanisms and ensure whole hearted commitment to get the desired results

The Company undertakes specific CSR projects that are in conformity with the Schedule VII to the Companies Act, 2013. Given that the Company is in the private equity fund management business and invests across India and in all sectors, the Company undertakes CSR activities in Mumbai and also across the country

In addition to the NGOs the Company currently supports, it engages with Nalanda Foundation, a Charitable Trust, established by Infrastructure Leasing & Financial Services Limited (IL&FS) for its group CSR activities. The Annual Plan for CSR is approved at the start of each financial year. Periodic reviews and/or modifications to the projects and allocations are approved by the CSR Committee

DIRECTORS' REPORT

The CSR policy is posted on the Company's website at the link <http://iimlindia.com/Policies.aspx>

The Company has been actively involved in various CSR initiatives over the last few years long before it was mandated by the Companies Act, 2013. In addition to its existing CSR initiatives, with the advent of Companies Act, 2013, it was thought prudent to channelise the Company's CSR effort along with the IL&FS Group's CSR initiatives in order to make a more significant impact

Given only the second year of a much larger CSR initiative, the Company has been able to formalise the process, identify focus areas and projects, and deploy a comprehensive monitoring and reporting system. The disbursement of the amounts is linked to the achievement of certain pre-identified milestones by the implementing agency. As the implementing agencies have informed the Company that there have been delays related to obtaining the necessary approvals, mobilisation of students and completion of training, the Company was not able to expend the entire statutory amount, although the Company has deployed substantial amount of the total CSR commitment. The Composition of the CSR Committee is given in the Corporate Governance Report

The Annual Report on the CSR activities is annexed herewith as Annexure 4

WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blowers Policy for employees to report instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct

The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company at <http://www.iimlindia.com/policies.aspx>

DEPOSITS

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company does not own any manufacturing facility, the Energy Conservation and Technology Absorption particulars in the Companies (Accounts) Rules, 2014, are not applicable

The particulars regarding foreign earnings and expenditure appear as Item Nos. 21(c) and 21(d) of the Notes to Accounts of the Standalone Financial Statements

EXTRACT OF THE ANNUAL RETURN

The details forming part of the extract of the Annual Return pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in Form MGT 9 are annexed herewith as Annexure 5

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations

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

Place : Mumbai
Date : May 3, 2016

S M DATTA
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

(I) BUSINESS OVERVIEW

Subdued Global Economic Activity in CY2015

The global economic recovery remained muted in CY2015 with plunging oil and commodity prices, volatile equity and currency markets, and slowdown in China amid export weakness. Even as advanced economies showed modest growth, emerging markets and developing economies declined for the fifth consecutive year. The US economic activity stayed resilient with manufacturing activity lagging due to dollar gaining in strength

Emerging Markets are expected to show a marginal increase in growth in the coming years, as compared to 2015. While a China slow down and economic rebalancing is expected and some countries will show the impact of the global manufacturing weakness, India and parts of emerging Asia are projected to grow at a robust pace. Latin America and Caribbean are expected to contract in 2016 reflecting the recession in Brazil and other countries in economic distress. The Middle East is projected to grow at higher rates, but lower oil prices and geopolitical tensions continue to temper the outlook. Russia is expected to remain in recession in 2016

The International Monetary Fund has estimated global growth rate at 3.4% for CY2016 and 3.1% in 2017 with a slower pickup in emerging markets and developing economies and a modest and uneven recovery in advanced economies. This expectation would be subject to multiple factors/downsides – a generalised slowdown in emerging market economies, China's rebalancing, lower commodity prices, the gradual exit from extraordinarily accommodative monetary conditions in the United States and the potential exit of Britain from the European Union

India : An Outperformer Amongst Major Economies

The macroeconomic situation in India continued to show signs of improvement with the baseline GDP growth target of 7.6% for FY2016 being achieved. While Emerging Markets overall remain vulnerable to swings in market sentiments and capital outflows, financial markets in India exhibited differentiated responses to these developments with equity and forex markets showing increased volatility and money and bond markets remaining insulated. With inflation under control, the Reserve Bank of India (RBI) has announced four rate cuts since January 2015, aggregating 150 basis points

For FY2017, the Reserve Bank of India has projected a growth rate of 7.6%, on the back of continuing reform momentum, improvement in business environment, forecast of a better than normal monsoon, the likely boost to consumption demand from the implementation of the 7th Pay Commission recommendations, continued low commodity prices and continuing monetary policy accommodation. After two consecutive years of deficient monsoon, the expected normal monsoon would strengthen rural demand and augment the supply of farm products

The government's start up initiative, along with the thrust on infrastructure and measures announced in the Union Budget 2016-17 to transform the rural sector is expected to boost investment further. In the Union Budget for 2016-17, the Government has also adhered to the path of fiscal consolidation and this will support the disinflation process going forward. The implementation of these measures should improve supply conditions and allow efficiency and productivity gains to accrue. On the other hand, persisting corporate sector stress and risk aversion in the banking system, along with weaker global growth and trade outlook could impart a downside to growth outcomes going forward

Private Equity : Trends and Themes

The global Private Equity industry reflected the uncertain economic environment. Private Equity funds raised US\$ 44 bn for Emerging Markets in 2015, a 17% decline from 2014. Private capital investment also decreased, as fund managers deployed US\$ 29 bn in Emerging Markets, down from US\$ 38 bn deployed in 2014. Overall, the emerging markets share of global fund raising declined from 14% in 2014 to 12% in 2015, while the share of global investment declined from 9% to 7% over the same period. The common themes for investors across emerging markets were currency volatility, capital outflows and declines in commodity prices

Notwithstanding the drop in fund raising across Emerging Markets, India was able to attract investor interest, driven by projections of a steady 7%+ growth rates in the country. The fund raising environment in India picked up, with an aggregate fund raising for FY2016 at US\$ 5.8 bn, up 24% compared to FY2015. However, funds have flowed with an uneven spread across sectors. The Venture

MANAGEMENT DISCUSSION AND ANALYSIS

Capital sector, focused on technology enabled services, has garnered a bulk of the funds flow. IT & ITES sector contributed to 45% of total investments, with US\$ 7 bn invested in 2015, thereby driving the investment growth during the year. However, the number of Venture Capital deals in Q4 2015 fell by 14% on a quarterly basis, as concerns regarding a potential slowdown in Venture Capital activity appear to be building, largely linked to operating parameters lagging expectations. Nonetheless, this sector will continue to aid economic growth and the government's initiative to promote bank financing for start-up ventures to boost entrepreneurship is expected to attract more Private Equity/ Venture Capital investments in start-ups, although in a more measured format

In other sectors such as real estate and infrastructure, challenges remain. The investment appetite is yet to revive as developers struggle to cope with leveraged balance sheets

Although the Real Estate sector is the third largest sector by value, investments in this sector declined 20% year on year. Given the long gestation for most investments, the uncertain approval processes and less than expected returns, structured debt products have been most popular. Many direct investors have also started to create portfolios of ready commercial assets

Likewise, in the infrastructure space limited number of primary deals have been concluded. However, this sector has witnessed a number of asset buyouts by financial long term investors, especially in the roads and the renewable energy space. Infrastructure developers are looking to monetise assets in order to reduce debt burden as also to recycle capital to fund their next round of asset development. This trend is expected to accelerate going forward, providing infrastructure Private Equity players with opportunities on both sides – in buying assets for a yield play and for funding infrastructure developers, which will have increased appetite for bid for new projects, once the previous round assets have been monetised

Another emerging trend from global investors is the increasing requirement of adherence to Environmental, Social and Governance (ESG) standards, driven by cost-saving potential, mitigation of regulatory risks and the positive impact to the society. Coupled with a need to mitigate the volatility in the economy, this trend is leading to an increase in capital allocation from investors for defensive and socially relevant investment themes focussing on sectors such as financial inclusion, healthcare, education, food and agriculture, clean energy and technology

Keeping these trends in perspective, Indian Private Equity landscape is transforming dramatically. While investment opportunities across the spectrum are beginning to emerge, the Indian entrepreneur is yet to wholeheartedly embark on an investment cycle, especially given the high impact of heavily leveraged balance sheets. So, while on one hand capital is definitely being sought for, investors themselves are demanding structures and formats that mitigate risks and provide greater participation and control. However, given India's current growth and economic advantage vis-a-vis other markets, Private equity will continue to provide necessary capital required for the next round of growth

(II) ANALYSIS OF PERFORMANCE FOR THE YEAR ENDED MARCH 2016

Business Review

General currency volatility, capital outflows and decline in commodity prices remained top of mind for many investors across emerging markets. India also remained vulnerable to swings in market sentiments and capital outflows

Against this backdrop, the Tara India Fund IV had a first close of US\$ 40 mn in January 2015. During the fiscal, additional approvals were also received from financial and multilateral institutions. Current investors are also looking to commit larger amounts, with a final close expected shortly. Recognising that social infrastructure needs in India still need to be addressed and are a major focus of the new government, IIML, with its strong track record in this space, has made the Fund's focus as healthcare and life sciences, education and skill development, clean energy, financial inclusion, food and agriculture, water, urban infrastructure and connectivity services

Through continuous investor connect over years, IIML has gained clear understanding of the market drivers and the types of fund products which would meet the investor's requirements. The IL&FS India Infrastructure Fund has been structured targeting investors keen on receiving a regular yield together with emerging market returns and will be making investments in growth and operational assets. In the first phase of fund marketing, fund raising efforts are focused on investors in the geographies of Japan, Korea and Australia and the attempt is to better engage with the investors to facilitate smooth diligence process at our end and to allay their doubts over the regulatory environment and other project related risks. Similarly, given the structured nature of the investor demand in Real Estate, a listed product is currently being marketed

MANAGEMENT DISCUSSION AND ANALYSIS

During the year some of the large funds under IIML management entered their extension periods. IL&FS India Realty Fund II, which was raised in 2007 with a corpus of US\$ 895 mn, approached the end of its life in December 2015. Post completion of its investment period in 2011, the Fund lost crucial value creation time to the subdued business environment between 2011 and 2014. Endeavours to generate optimal exits often involve protracted negotiations and the investors have reposed faith in extending the fund to allow for optimal exits

A critical ingredient for success in new fund raises will be our divestment track record and the ESG policies adopted by the Company, as they also address directly the regulatory and project issues that the investors may expect to face in India. In this aspect, we have a significant opportunity to showcase our expertise, given that all the current Funds being managed by the Company have implemented ESG and are presently in the monitoring and harvesting stage

During the year, the Company undertook divestments aggregating ₹ 14.7 bn. Key Funds such as IL&FS India Realty Fund, Standard Chartered IL&FS Asia Infrastructure Growth Fund and Tara India Fund III, are in active divestment phase, and your Company is working with the respective investee companies to lay the path towards liquidity over the next 2-3 years

Financial Performance

While regular divestments are essential to showcase the Company's investment prowess, a consistent divestment record over the last 3 years has steadily decreased the fee earning AUM for the Company. This has led to lower fee income and the company has successfully contained its cost over the last several years to offset the same

Though current fund raising efforts for IL&FS India Infrastructure Fund, Tara India Fund IV and Yatra platform have entailed marketing spends, the Company deems such costs as being important to build sustainable business value for the future. On a consolidated basis, the Total Income of the Company for the Financial Year 2015-2016 was ₹ 1,907.60 million. The resultant Profit after Tax after minority interest on a consolidated basis for the Financial Year 2015-2016 was ₹ 560.85 million

(III) OUTLOOK FOR FINANCIAL YEAR 2016-17

India's economy is on track to being one of the fastest-growing economies in the World this year. Resilient domestic demand and a limited reliance on the external sector are expected to fuel a pickup in growth. The Budget reaffirms the government's fiscal consolidation path and introduces a number of measures to spur the rural economy and improve the business environment. With an above normal monsoon forecast and reforms expected in line with the path set in the Union Budget, in the absence of any major exogenous shocks, the Indian economy is projected to grow at 7.6% in FY2017

However, any weakening of global economic activity could generate spill overs in the Indian market as well. Similarly volatility in the foreign exchange market on account of external developments and uncertainty on oil prices in view of the political forces impacting oil market dynamics could also dampen the growth in India. Also tightening in US monetary policy in the context of a resilient US recovery could also influence the growth outlook in India

Progress on infrastructure improvements and government efforts to boost investment are expected to offset the impact of any tightening of borrowing conditions resulting from tighter U.S. monetary policy. The Union Budget 2016 also lays significant focus on infrastructure development and thus there is expected to be a wide scope for investment in this sector in the coming years. It is expected that these developments will boost investor interest in the IL&FS India Infrastructure Fund and generate good traction for the same

Infrastructure in the country is in a challenging phase and in order to help cash-strapped developers get easier access to funds while also creating a new investment avenue for institutions and high net worth individuals, the market regulator allowed Indian firms to launch Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs). The Government has also recently moved to remove Dividend Distribution Tax on InvITs / REITs, which was seen as a significant hindrance to their acceptance. With the removal of this roadblock, such investments will become attractive to investors and will help in bringing foreign funds to India's financial markets

MANAGEMENT DISCUSSION AND ANALYSIS

InvITs are proposed to provide a suitable structure for financing/refinancing of infrastructure projects in the country by providing wider and long-term re-finance for existing infrastructure projects. They are expected to help in attracting international finance into Indian infrastructure sector and will enable the investors to hold a diversified portfolio of infrastructure assets. They are a good avenue for the developers and funds already invested in infrastructure assets to monetise their investments. InvITs are also proposed to bring higher standards of governance into infrastructure development and management and distribution of income from assets so as to attract investor interest

These developments are thus creating a favourable environment for financing and development of infrastructure in the country and IL&FS India Infrastructure Fund is rightly positioned to channelize the investor interest into this sector. It is also an upcoming opportunity for IIML to play on its strength and expertise and act as managers for external InvITs and REITs

There is need to offer similar differentiated products to investors, and reduce the time to market. In this context, it is imperative to evolve your Company's business model beyond classic fund management. This evolution would be in form of extension of existing lines of business by deepening the product offering – for instance, by offering not just equity, but also structured products across infrastructure and real estate; not just in India but across geographies like Middle East and Africa

Another facet of this extension is the provision of advisory services to offshore investors which do not have the capacity to extract value from their direct investments in India. Your Company has taken such success fee based mandates in the real estate space and would seek to build on this practise. In addition, leveraging on the investor relationships, your Company plans to put together a consortium of like-minded investors, which can then invest in opportunities sourced through our robust network of corporate relationships. IIML managed funds would also co-invest alongside the consortium, providing an additional degree of comfort to the consortium members. Consequently, such an initiative will go towards showcasing a large number of proprietary deals to IIML which would, in turn, provide a competitive edge vis-à-vis its peers

In addition, there is need to develop new business lines around concepts like InvITs, which are, as of now, at a nascent stage. Management of such ventures would help broaden our revenue profile and ensure growth. Such initiatives would entail higher marketing and establishment costs, and therefore in order to contain the impact of profitability, your Company would also need to continue to stay focussed on managing and optimizing its costs

(IV) BUSINESS SEGMENT AND HUMAN RESOURCES

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

The present team is well equipped to manage all aspects of its present business. With established efficiency in investment sourcing, monitoring and exit processes, the company has proven consistency in performance. Operations across multiple locations and jurisdictions have maintained uniformity in delivering effective outputs

In pursuit of continued excellence in our operations, the Company is not only focusing on delivering the best in what it is doing but also envisions venturing beyond the existing opportunity set. This is being achieved by implementing best practices as well as incentivizing the team so that the team stays motivated to deliver and is prepared to face a challenging environment

The Company presently has 44 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

The Internal Auditors also review all Related Party transactions and the Corporate Social Responsibility activities of the Company

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, maximising shareholders' value and enhancing the value of services to all stakeholders at large

(B) BOARD OF DIRECTORS

(1) Composition:

The Company's Board as on May 3, 2016 comprises of a Non-Executive Independent Chairman, Managing Director, Executive Director and two Independent Non-Executive Directors and four Non-Executive Directors

None of the Directors of the Company are Directors of more than ten Indian Public Companies and none of the Directors are Directors of more than twenty Indian Companies

None of the Directors are Independent Directors in more than seven Listed Companies or who are serving as a Whole-time Director in any Listed Company are Independent Directors in more than three Listed Companies and are in compliance with the requirements of Regulations 25(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)

None of the Directors hold Chairmanship of more than five Committees or Membership in more than ten Committees of Public Limited Companies and are compliant with the requirements of Regulation 26 of the LODR

All the Independent Directors of the Company have furnished a declaration that they satisfy the conditions of being independent as stipulated under Regulation 16(1)(b) and Regulation 25(1) of the LODR

(2) Board Meetings:

The Board of Directors met four times during the Financial Year ended March 31, 2016 and the gap between two meetings did not exceed four months. The meetings were held during the year on May 5, 2015, August 11, 2015, November 10, 2015 and February 10, 2016

The category of Directors, their attendance record at the Board Meetings held during the Financial Year ended March 31, 2016 and at the previous Annual General Meeting along with their Memberships/Chairmanships on the Board Committees of Companies are as follows:

Name of the Director	Category of Director @	No. of Board Meetings attended	Attendance at the last AGM held on August 11, 2015	No. of Directorships *	Committee Memberships #	Committee Chairmanships #
Mr S M Datta (Chairman) DIN 00032812	NEID	4	Yes	11	10	2
Mr Ravi Parthasarathy DIN 00002392	NED	4	Yes	9	-	-
Mr Bansi Mehta DIN 00035019	NEID	4	Yes	10	9	3
Mr Hari Sankaran ^s DIN 00002386	NED	NA	NA	10	1	-
Mr Jitender Balakrishnan DIN 00028320	NEID	4	No	11	6	2
Mr Siddharth Mehta ⁺ DIN 02665407	NEID	-	No	3	-	-

CORPORATE GOVERNANCE REPORT

Name of the Director	Category of Director @	No. of Board Meetings attended	Attendance at the last AGM held on August 11, 2015	No. of Directorships *	Committee Memberships #	Committee Chairmanships #
Mr Ramesh Bawa ^{\$} DIN 00040523	MD	4	Yes	10	3	–
Mr Vibhav Kapoor DIN 00027271	NED	3	Yes	7	5	1
Mr Shahzaad Dalal [^] DIN 00011375	NED	4	Yes	5	1	–
Dr Archana Hingorani DIN 00028037	ED	4	Yes	11	2	–
Mr Milind Patel ^{\$} DIN 00058358	NED	2	No	9	2	–

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

* The number of Directorships excludes Directorships of Foreign Companies, if any

The other Committee Memberships & Committee Chairmanships comprise of only two Committees i.e. Audit Committee & Stakeholders' Relationship Committee of Public Limited Companies as required under Regulation 26 of the LODR

\$ Mr Ramesh Bawa and Mr Milind Patel were appointed as MD and NED respectively with effect from May 5, 2015 and Mr Hari Sankaran was appointed as a NED with effect from February 10, 2016

+ Mr Siddharth Mehta was appointed with effect from August 12, 2015 and resigned as a Director of the Company with effect from May 1, 2016

^ Mr Shahzaad Dalal resigned as a Director of the Company with effect from May 2, 2016

(3) Appointment/Re-appointment of Directors:

Pursuant to the provisions of Section 152 of the Companies Act, 2013, the following Directors are proposed to be appointed/re-appointed at the ensuing Annual General Meeting

- Dr Archana Hingorani as the Chief Executive Officer & Executive Director of the Company
- Mr Hari Sankaran as a Non-Executive Director of the Company
- Mr Vibhav Kapoor retires by rotation at the ensuing Annual General Meeting and has offered to be re-appointed
- The Board has recommended the appointment/re-appointment of Dr Archana Hingorani, Mr Hari Sankaran, and Mr Vibhav Kapoor to the members of the Company

(4) 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 includes the Code for the Independent Directors pursuant to Schedule IV to the Companies Act, 2013. 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 2015-16. As required by LODR, 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

(5) **Selection Criteria for appointment of Board of Directors:**

- (a) The Board has adopted a Selection Criteria for hiring of Members of the Board. The candidate is expected to meet certain criteria including one of following criteria:

- (i) Must have been a CEO or a Business Head in the past of an organisation
- (ii) Must have expertise in a specific area like Legal, Tax, HR, Marketing etc.
- (iii) Business Head role or General Management role in the financial services space
- (iv) An independent, eminent specialist or professional

- (b) Board Diversity:

The Company is sensitive to the need for a robust Board process that enables different views to be expressed, heard and considered. The Company believes that Board members armed with divergent skills, expertise, experience and knowledge will make the Company's Board more effective. A Board comprising of members from divergent backgrounds helps combat common limitations

The Company is desirous of having suitable Board Diversity in terms of skills, educational and professional background, industry experience, and the Company's selection criteria for new Directors shall be guided by these principles

(6) **Evaluation of Board's Performance:** The objective of this evaluation is to facilitate the review of performance of the individual Directors and the Board as a whole. The Board will undertake the following activities annually:

- (a) The Chairperson may meet with the Non-Executive Directors to discuss individual performance and ideas for improvement
- (b) The Board as a whole will discuss and analyse its own performance during the year including suggestions for improvement
- (c) The performance of the Executive Directors shall also be reviewed annually which shall in turn reflect on their remuneration
- (d) The Board shall review the necessity of establishing any Committees and delegating certain of its responsibilities to the Committees
- (e) Schedule IV of the Companies Act, 2013 prescribes the Code for Independent Directors (Code). The Company has adopted the Code by incorporating it in the Company's Code of Conduct. Roles, responsibilities, appointment and evaluation of the Independent Directors will be governed by the Code
- (f) Assessment Criteria for Independent Directors:
 - (i) Contribution/Guidance on business strategy
 - (ii) Reviewing Management performance
 - (iii) Upholding of the statutory compliance/corporate governance
 - (iv) Exercising independent judgement
 - (v) Ensuring integrity of financial controls/risk management measures
 - (vi) Management of Committees (of which he/she is a member)
 - (vii) Effective deployment of expertise in furthering business

(7) **Terms of Appointment of Independent Directors:** The terms of appointment of Independent Directors are posted on the website of the Company and are available at the link http://www.iimlindia.com/Independent_Director.aspx

(8) **Familiarisation Programme for Independent Directors:** Familiarisation is an ongoing process and the existing Independent Directors are briefed on the developments in the industry and the Company in detail at all Board Meetings. The Independent Directors are also briefed on the regulatory and legal developments impacting the Company and also on their role as Independent Directors as and when the need arises. Further details of the Familiarisation Programme for Independent Directors are available on the Company's website at the link <http://iimlindia.com/Policies.aspx>

CORPORATE GOVERNANCE REPORT

- (9) **Independent Directors' Meeting:** The Independent Directors met on April 12, 2016, *inter alia*:
- (a) To review the performance of non-independent directors and the Board as a whole
 - (b) To review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors
 - (c) Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties

(C) AUDIT COMMITTEE

- (1) **Constitution of the 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:** Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the LODR, the Board has revised the terms of reference of the Audit Committee, which include the following:
- (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) Recommend to the Board, the appointment, remuneration, terms of appointment of the Auditors of the Company
 - (c) Review and monitor the Auditor's independence and performance and effectiveness of the audit process
 - (d) Approval of payment to the statutory auditors for any other services rendered by the statutory auditors
 - (e) Review with the management, the annual financial statements and the auditors' report thereon, before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013
 - (ii) Changes, if any, in the accounting policies and practices and reasons for the same
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by the Management
 - (iv) Significant adjustments made in the Financial Statements arising out of audit findings
 - (v) Compliance with the listing and other legal requirements relating to the financial statements
 - (vi) Disclosure of any related party transaction
 - (vii) Qualifications in the draft audit report
 - (viii) Review with the Management, the quarterly financial statements before submission to the Board for approval
 - (ix) Review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, monitoring related matters and making appropriate recommendations to the Board to take up steps in this matter
 - (x) Approval of any subsequent modification of transactions of the Company with related parties
 - (xi) Scrutiny of inter-corporate loans and investments
 - (xii) Valuation of undertakings or assets of the Company, wherever it is necessary
 - (xiii) Review with the Management, performance of statutory and internal auditors and adequacy of the internal control systems

CORPORATE GOVERNANCE REPORT

- (xiv) Evaluation of the internal financial controls and risk management systems
 - (xv) Review the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
 - (xvi) Discussion with Internal Auditors on any significant findings and follow up there on
 - (xvii) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
 - (xviii) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
 - (xix) Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors
 - (xx) Review the functioning of the Vigil Mechanism
 - (xxi) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate
 - (xxii) Review the Management Discussion and Analysis
 - (xxiii) Review the financial statements of the unlisted subsidiary companies
 - (xxiv) Carrying out any other function as is referred to it by the Board of Directors
- (3) **Audit Committee Meetings:** The Audit Committee met five times during the Financial Year ended March 31, 2016 on May 2, 2015, August 10, 2015, August 27, 2015, November 10, 2015 and February 10, 2016 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	5
Mr S M Datta	Member	5
Mr Vibhav Kapoor	Member	3
Mr Jitender Balakrishnan	Member	5

- (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) NOMINATION & REMUNERATION COMMITTEE (N&RC)

- (1) **Composition:**
- (a) Mr Bansi Mehta is the Chairman of the N&RC
 - (b) 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 terms of reference of the Nomination & Remuneration Committee to include the following:
- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees
 - (b) Formulation of criteria for evaluation of Independent Directors and the Board

- (c) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal
 - (d) Approve criteria and quantum of compensation for Executive Directors
 - (e) Recruitment of key management employees and their compensation
 - (f) Determination of the annual increments and performance related pay of the employees
 - (g) Administration of the various Employee Stock Option Plans of the Company
 - (h) Such other matters as the Board may from time to time request the Committee to examine, recommend and approve
- (3) **Managerial Remuneration Policy:**
- (a) The Board has adopted the Managerial Remuneration Policy to attract and retain competent personnel and to provide competitive performance based compensation and benefits depending on various factors such as the market scenario, business performance of the Company and the remuneration practices in the financial sector
 - (b) The structure of the Managerial Remuneration Policy is segregated into five parts namely remuneration pattern of Whole-time Directors, Key Managerial Personnel, Senior Management, Non-Executive Directors and succession planning
 - (i) Remuneration structure of the Whole-time Director:
 - Monthly base salary based on seniority and experience
 - Performance linked incentives: Variable component determined by the Nomination & Remuneration Committee based on performance
 - Issue of ESOPs from time to time: Accrues depending on the length of service & performances
 - Retiral Benefits : Paid post separation from the Company as per the Rules of the Company and the relevant statutory provisions
 - Perquisites and Benefits: All other benefits including perquisites are as per the Rules of the Company
 - (ii) Remuneration structure of the Key Management Personnel:
 - Fixed Remuneration: This includes a Monthly Salary such as Consolidated Pay, Special Allowance, Allowances and other perquisites as per the Rules of the Company
 - Variable Remuneration: This is based on the Company's and the individual's performance
 - Retiral Benefits: This includes contribution to the Provident Fund, Gratuity and Superannuation Fund
 - (iii) Remuneration structure of the Senior Management:
 - Fixed Remuneration: This includes a Monthly Salary such as Consolidated Pay, Special Allowance, Allowances and other perquisites as per the Rules of the Company
 - Variable Remuneration: This is based on the Company's and the individual's performance
 - Retirals Benefits: This includes contribution to the Provident Fund, Gratuity and Superannuation Fund
 - (iv) Remuneration structure of Non-Executive Directors: Non-Executive Directors are paid Sitting Fees for attending the Board/Board Committee/s Meetings in accordance with the Companies Act, 2013. They are also paid commission which is based on the profits of the Company
 - (iv) Succession Planning:
 - Succession Plan ensures continuity in operation and services, in the event of exit of key members of the organisation, by ensuring supply of suitably qualified and motivated employees who can take up higher roles and responsibilities

CORPORATE GOVERNANCE REPORT

- The Company is committed in creating a system of identifying, monitoring, assessing and developing a pipeline of talent. The Company shall continuously engage in the process of developing the career paths of employees, to recruit and retain top-performing or high talent employees; and gearing them up for the future organisational requirements
- If the Company is unable to fill a key position through internal promotions, the Company shall close the position by recruiting an external candidate whose experience and expertise best matches with his predecessor, in a time bound manner

- (4) **Nomination & Remuneration Committee Meetings:** The Nomination & Remuneration Committee met four times during the Financial Year ended March 31, 2016 on May 5, 2015, August 11, 2015 and November 10, 2015 and February 10, 2016. The composition and attendance record of the members at the Nomination & Remuneration Committee Meeting are as follows:

Name of the Director	Designation	Number of Meetings Attended
Mr Banshi Mehta	Chairman	4
Mr S M Datta	Member	4
Mr Ravi Parthasarathy	Member	4

- (5) **Details of Remuneration:** Details of Remuneration paid to the Whole-time Directors during the Financial Year 2015-16:

- (a) The salary paid to Mr Ramesh Bawa and Dr Archana Hingorani is inclusive of their retirement benefits (excluding Gratuity)

Particulars	Mr Ramesh Bawa*(₹)	Dr Archana Hingorani(₹)
Salary	4,529,574	11,808,000
Performance related pay	-	6,380,000
Perquisites	-	6,386,575
Total	4,529,574	24,574,575

* Excludes commission and sitting fees paid to Mr Ramesh Bawa, during the year in his capacity as Non-Executive Director

- (b) The Remuneration paid to the Whole-time Directors 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 Nomination & Remuneration Committee
- (c) Performance of the Whole-time Directors is evaluated on the basis of individual performance and the performance of the Company
- (d) During the Financial Year 2015-16, the Company did not grant any stock options
- (e) Services of the Managing Director and Executive Director may be terminated by, giving one month's notice. There is no separate provision for payment of severance fees
- (f) Mr Ramesh Bawa and Dr Archana Hingorani have been appointed as the Managing Director and Chief Executive Officer & Executive Director for a term of five years with effect from May 5, 2015 and April 20, 2016, respectively
- (6) **Details of payment made to the Non-Executive Directors:**
- (a) 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
- (b) During the Financial Year 2015-2016, the Non-Executive Directors were paid sitting fees of ₹ 20,000/- each for attending the Board Meetings and all Committee Meetings except ₹ 2,000/- each for attending the Stakeholders' Relationship Committee Meetings
- (c) Criteria for making payment to the Non- Executive Directors: The criteria considered for making payment of commission to Non-Executive Directors are level of involvement of the Director in the affairs of the Company, tenor of the Director in the Company and number of committees memberships/chairmanships held by the Director in the Company

CORPORATE GOVERNANCE REPORT

- (d) Details of Commission for the Financial Year 2015-2016 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	1,800,000
Mr Ravi Parthasarathy	800,000
Mr Banshi Mehta	550,000
Mr Vibhav Kapoor	350,000
Mr Jitender Balakrishnan	350,000

(7) **Details of Options Granted:**

- (a) Details of Options granted to Non-Executive Directors during the year and shares held by them as on March 31, 2016: 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, 2016:

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 Vibhav Kapoor	343,750
Mr Shahzaad Dalal	2,792
Mr Milind Patel	112,500

(E) STAKEHOLDERS' RELATIONSHIP COMMITTEE

- (1) The Stakeholders' Relationship Committee oversees the following functions:
- Redressing grievances received from the investors
 - Allotment of shares upon exercise of options under Employee Stock Option Schemes
 - Such other matters as the Board may from time to time request the Committee to examine, recommend and approve
- (2) Composition: The Stakeholders' Relationship Committee presently comprises of one Non-Executive Independent Director and one Non-Executive Director. The Committee met eight times during the Financial Year ended March 31, 2016. The composition and attendance record of the members at the Stakeholders' Relationship Committee Meetings are as follows:

Name of the Director	Designation	Number of Meetings Attended
Mr Vibhav Kapoor	Chairman	8
Mr S M Datta	Member	8

- (3) Mr Sanjay Mitra, Company Secretary, has been designated as the Compliance Officer
- (4) During the Financial Year 2015-16 the Company received 101 complaints from members. There were no complaints pending at the end of the year
- (5) The Share Transfer Committee consists of officers of the Company as its members for issuance of duplicate certificates and rematerialisation of shares, 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)

CORPORATE GOVERNANCE REPORT

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	12	12
Mr Sanjay Mitra	12	12

(F) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

- (1) The Company has constituted a Corporate Social Responsibility Committee on May 5, 2014 pursuant to the provisions of the Companies Act, 2013. The Committee has been constituted to:
 - (a) 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
 - (b) Recommend the amount of expenditure to be incurred on the CSR activities
 - (c) Instituting a transparent monitoring mechanism for implementation of the CSR activities undertaken by the Company

The CSR Committee met once during the Financial Year on August 10, 2015

- (2) Composition: The composition and attendance record of the members of the Corporate Social Responsibility Committee are as follows:

Name of the Member	Number of Meetings held	Number of Meetings Attended
Mr S M Datta - Chairman	1	1
Mr Banshi Mehta	1	1
Mr Arun Saha *	1	-
Mr Hari Sankaran §	-	-

* Mr Arun Saha resigned as Director of the Company with effect from September 14, 2015

§ Mr Hari Sankaran was appointed as member of the CSR Committee on February 10, 2016

(G) WHISTLE BLOWER POLICY

The Whistle Blower Policy aims to provide an avenue for employees and directors of the Company to raise serious and sensitive concerns that could have an adverse impact on the operations and performance of the Company. The Audit Committee is entrusted with implementing and monitoring the Vigil mechanism of the Company. It is affirmed that no personnel has been denied access to the Audit Committee. The Whistle Blower Policy details the procedure for inquiry and investigation of complaints, provides for adequate safeguard for protection of the whistle blower against adverse personal action and calls for disciplinary action against those who abuse the policy. The Policy is posted on the website of the Company at <http://www.iimlindia.com/Policies.aspx>

(H) SUBSIDIARY COMPANY

During the year ended March 31, 2016, the Company did not have any material listed/unlisted Indian subsidiary company as defined under the LODR. The Company has adopted a policy on Material Subsidiaries and the same is available on the Company's website at <http://www.iimlindia.com/Policies.aspx>

(I) GENERAL BODY MEETINGS

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

Date	Time	Location/Venue	Special Resolutions passed
August 11, 2015	3.00 p.m.	Rangaswar Hall, Y B Chavan Centre	Appointment of Mr Ramesh Bawa as the Managing Director of the Company for a term of five years
August 7, 2014	3.30 p.m.	Rangaswar Hall, Y B Chavan Centre	No Special Resolution was passed
July 22, 2013	12 noon	Indian Merchants' Chamber, Mumbai	No Special Resolution was passed

CORPORATE GOVERNANCE REPORT

(2) Special Resolutions passed through Postal Ballot:

- (a) None of the resolutions approved at the last Annual General Meeting required postal ballot approval
- (b) During the year the Company passed a Special Resolution through postal ballot for altering the 'Main Object Clause' of the Memorandum of Association of the Company
- (c) Details of the aforesaid Special Resolution passed through postal ballot are as under:
 - (i) 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
 - (ii) Procedure followed:
 - The Postal Ballot Notice and accompanying documents were dispatched to the members under certificate of posting
 - A calendar of events along with the Board Resolution was submitted to the Registrar of Companies, Mumbai, Maharashtra
- (d) Details of the voting pattern: After scrutinizing all the ballot forms received, the Scrutinizer reported that the members representing 99.99% 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

(J) DISCLOSURES

- (1) The Management Discussion & Analysis forms part of this Annual Report
- (2) During the year under review, there were no materially significant related party transactions of the Company that may have potential conflict with the interest of the Company
- (3) The Company has adopted a Policy on dealing with related party transactions and the said policy is available on the website of the Company at the link <http://www.iimlindia.com/Policies.aspx>
- (4) None of the Directors of the Company are related to each other except the Directors nominated by Infrastructure Leasing & Financial Services Limited
- (5) 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
- (6) The Company has followed all relevant Accounting Standards while preparing the Financial Statements
- (7) There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large
- (8) The Chief Executive Officer and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under Regulation 17(8) of the LODR
- (9) The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans
- (10) The Company regularly engages in hedging activities to adequately safeguard against foreign exchange risks

(K) 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 at www.iimlindia.com

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

CORPORATE GOVERNANCE REPORT

(L) GENERAL MEMBERS' INFORMATION

Annual General Meeting Day, Date and Time	:	August 8, 2016 at 12 noon
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
Book Closure	:	Tuesday, August 2, 2016 to August 8, 2016 (both days inclusive)
Dividend Payment	:	The dividend, if declared, by the members at the AGM shall be paid/ credited on or after August 8, 2016
Listing on Stock Exchanges	:	The Equity shares of the Company are listed on Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001 and National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 The Company has already paid the annual listing fees for the Financial Year 2016-17 to the Stock Exchanges (BSE and NSE) as well as custodian 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
Board Meeting to be held for approving financial statements for the quarter ending	:	
June 30, 2016		On or before August 15, 2016
September 30, 2016		On or before November 15, 2016
December 31, 2016		On or before February 15, 2017
March 31, 2017		On or before May 30, 2017

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

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	No. of Shares	High (₹)	Low (₹)	No. of Shares
April 2015	21.99	18.00	1122157	21.39	18.09	3575624
May 2015	20.99	19.25	1303388	21.09	19.25	3321908
June 2015	23.45	19.15	1644221	23.59	18.75	5962120
July 2014	23.09	20.49	1743581	22.99	20.59	4910510
August 2015	22.49	16.09	1990800	22.39	16.09	5956441
September 2015	19.59	16.39	1030843	19.59	16.29	2489227
October 2015	19.29	17.69	621541	19.35	17.65	2593099
November 2015	19.35	17.00	712929	19.29	17.00	1998575
December 2015	21.99	17.75	1858783	21.49	17.95	5698973
January 2016	20.35	17.09	1112036	20.39	17.09	3349099
February 2016	18.39	15.19	537015	18.39	14.39	3287364
March 2016	16.6	15.3	823554	16.45	15.10	3318167

CORPORATE GOVERNANCE REPORT

(M) PERFORMANCE OF THE COMPANY'S SHARES IN COMPARISON TO NIFTY



Source : National Stock Exchange

(N) 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 dematerialised 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 dematerialisation are processed within a period of 21 days from the date of receipt, provided they are in order in every respect.

(O) CATEGORY WISE SHAREHOLDING AS AT MARCH 31, 2016

Sr. No.	Category	No. of Shares held	Percentage
1.	Promoter	158,333,152	50.42
2.	Mutual Funds/Banks/Financial Institutions	11,665,716	3.72
3.	Foreign Institutional Investors/Foreign Portfolio Investors	2,423,459	0.77
4.	Non-Residents Individuals	6,991,861	2.23
5.	Companies	18,413,395	5.86
6.	Resident Individuals	115,050,098	36.64
7.	Others	1,155,059	0.36
	Total	314,032,740	100.00

CORPORATE GOVERNANCE REPORT

(P) DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2016

No. of Equity Shares	No. of Members	% of Total	No. of Shares	Percentage of Total
1 - 500	12425	37.13	2,679,784	0.85
501 - 1000	8011	23.93	6,439,959	2.05
1001 - 2000	5907	17.65	9,249,957	2.95
2001 - 3000	2670	7.98	6,514,205	2.07
3001 - 4000	929	2.78	3,283,571	1.05
4001 - 5000	800	2.39	3,676,609	1.17
5001 - 10000	1361	4.07	9,925,962	3.16
10001 - above	1365	4.07	272,262,693	86.70
Total	33468	100.00	314,032,740	100.00

(Q) DEMATERIALISATION OF SHARES AND LIQUIDITY

96.84% of the shares have been dematerialised as on March 31, 2016

(R) DISCLOSURE UNDER SCHEDULE V (F) OF THE LODR IN RESPECT OF UNCLAIMED SHARES

In compliance with the said regulation, and in order to avoid transfer of unclaimed shares to the "Unclaimed Suspense Account", the Company had sent Reminder Letters to such members 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. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

The details of the unclaimed shares are as follows:

As on April 1, 2015		Members who approached the Registrars and Shares were transferred to them during the year		Balance as on March 31, 2016	
No. of Members	No. of Shares	No. of Members	No. of Shares	No. of Members	No. of Shares
3802	2,673,869	37	33,889	3765	2,639,980

(S) REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West), Mumbai 400 078
Tel. No.: 2594 6970
Fax No.: 2594 6969

Address for Correspondence:

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

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West), Mumbai 400 078
Tel. No.: 2594 6970
Fax No.: 2594 6969

CORPORATE GOVERNANCE REPORT

For general correspondence:

The IL&FS Financial Centre, Plot No. C-22, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051
Tel. No.: 2653 3333
Fax No.: 2653 3056
Email: investor.relations@ilfsindia.com

(T) Non Mandatory Requirements:

- (1) The Board: The Company maintains the Chairman's office at the expense of the Company and reimburses expenses incurred by the Chairman in the performance of his duties
- (2) Shareholder Rights: The Company does not send any half-yearly report on Financial Performance of the Company to the Shareholders
- (3) Separate posts of Chairperson and Chief Executive Officer: The Company has appointed separate persons as Non-Executive Independent Chairman, Managing Director and Chief Executive Officer & Executive Director
- (4) Reporting of Internal Auditor: The Internal Auditor reports directly to the Audit Committee

CODE OF CONDUCT CERTIFICATE

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

For IL&FS Investment Managers Limited

Archana Hingorani
Chief Executive Officer & Executive Director

Place : Mumbai
Date : May 3, 2016

INDEPENDENT AUDITOR'S CERTIFICATE

TO THE MEMBERS OF IL&FS INVESTMENT MANAGERS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company"), for the year ended on March 31, 2016, as stipulated in:
 - (i) Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 1, 2015 to November 30, 2015.
 - (ii) Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 1, 2015 to September 1, 2015.
 - (iii) Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') for the period from September 2, 2015 to March 31, 2016 and
 - (iv) Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 1, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and 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 Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We 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 3, 2016

AUDITORS' REPORT

TO THE MEMBERS OF

IL&FS INVESTMENT MANAGERS Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **IL&FS INVESTMENT MANAGERS LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2016, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and 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 aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 03, 2016

ANNEXURE A TO AUDITORS' REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of **IL&FS INVESTMENT MANAGERS LIMITED** (the "Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ANNEXURE A TO AUDITORS' REPORT

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 03, 2016

ANNEXURE B TO AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Companies (Auditor's Report) Order, 2016 (the "CARO 2016") is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the CARO 2016 is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the "Act"), in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's Interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal. Further Company does not have any unclaimed deposits and hence reporting under the provisions of Sections 73 to 76 or any other relevant provisions of the Act is not applicable.

ANNEXURE B TO AUDITORS' REPORT

- (vi) Having regard to the nature of the Company's business / activities, reporting under clause 3(vi) of the CARO 2016 is not applicable
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Service Tax and Value Added Tax as on March 31, 2016 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the CARO 2016 is not applicable.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the CARO 2016 is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act, are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP

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

Kalpesh J. Mehta

Partner
(Membership No. 48791)

Mumbai, May 03, 2016

BALANCE SHEET

As At 31st March 2016

Amount (₹)

Particulars	Note No	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	628,085,480		628,085,480	
Reserves and Surplus	3	610,754,220	1,238,839,700	519,366,044	1,147,451,524
Non-Current Liabilities					
Long-Term Provisions	4		20,618,078		21,156,474
Current Liabilities					
Trade Payables	26				
(a) total outstanding dues of micro enterprises and small enterprises		-		-	
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		28,078,556		31,961,828	
Other current liabilities	5	36,372,333		36,151,415	
Short-term provisions	6	472,991,163	537,442,052	522,720,993	590,834,236
Total			1,796,899,830		1,759,442,234
ASSETS					
Non-current assets					
Fixed assets (net)	7				
Tangible assets		13,334,919		6,964,395	
Intangible assets		90,884		318,835	
Non-current investments	8	392,939,051		414,069,726	
Deferred tax assets (net)	9	14,745,000		15,319,000	
Long-term loans and advances	10	69,988,339	491,098,193	53,231,370	489,903,326
Current assets					
Current investments	11	993,930,893		897,331,536	
Trade receivables	12	80,153,360		215,556,143	
Cash and Cash Equivalents	13	182,674,669		65,644,388	
Short-term loans and advances	14	48,348,871		83,554,043	
Other current assets	15	693,844	1,305,801,637	7,452,798	1,269,538,908
Total			1,796,899,830		1,759,442,234

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

Chairman
DIN: 00032812

Chief Executive Officer &
Executive Director
DIN: 00028037

Chief Financial Officer
DIN: 00060698

Company Secretary
DIN: 00030836

Place: Mumbai
Date: May 3, 2016

STATEMENT OF PROFIT AND LOSS

For The Year Ended March 31, 2016

Amount (₹)

Particulars	Note No	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue:			
Revenue from Operations	17	739,539,013	804,485,068
Other Operating Income	18	281,176,104	234,663,296
Other Income	19	50,242,160	115,481,052
Total Revenue		1,070,957,277	1,154,629,416
Expenses:			
Employee benefit expense	20	230,657,044	239,558,005
Depreciation and amortisation expense	7	5,039,421	6,006,945
Other Administrative and Operating Expenses	21	186,449,099	147,389,156
Total Expenses		422,145,564	392,954,106
Profit before tax		648,811,713	761,675,310
Tax expense:			
- Current tax		156,900,000	192,500,000
- Deferred tax	9	574,000	(191,000)
- Short provision for tax relating to prior years		-	10,450,000
Profit for the year		491,337,713	558,916,310
Earning per equity share: (Equity shares of Face value ₹ 2/- each)			
- Basic	22	1.56	1.78
- Diluted		1.56	1.78
The accompanying Notes are an integral part of the Financial Statements			

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

Chairman
DIN: 00032812

Chief Executive Officer &
Executive Director
DIN: 00028037

Chief Financial Officer
DIN: 00060698

Company Secretary
DIN: 00030836

Place: Mumbai
Date: May 3, 2016

CASH FLOW STATEMENT

For The Year Ended 31st March, 2016

Amount (₹)

			For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(A)	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX		648,811,713	761,675,310
	Adjustments for:			
	Depreciation and Amortisation		5,039,421	6,006,945
	Provision/reversal on revaluation of Forward Exchange Contracts		3,528,505	5,994,157
	Provision for Employee Benefits (Net)		948,684	(24,497,391)
	Provision for Diminution in value of Long term Investments		16,000,000	-
	Net Profit on Sale of Investments		(2,219,162)	(9,206,784)
	Interest Income		(2,570,398)	(13,008,873)
	Dividend Income		(44,238,913)	(21,748,692)
	Profit on sale of Fixed Assets (Net)		(61,785)	(220,932)
			625,238,065	704,993,740
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Trade Receivables		135,402,783	384,536,962
	Short Term Loans & Advances		(8,034,826)	7,632,895
	Long Term Loans & Advances		1,736,981	374,943
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade Payables		(3,883,272)	(9,531,051)
	Other Current Liability		(4,613,157)	4,754,110
			745,846,574	1,092,761,599
	Payment of Taxes (Net)		(177,656,550)	(221,619,993)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	A	568,190,024	871,141,606
(B)	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Non Current Investments - Others		-	(3,000,000)
	Proceeds from sale of Other Non-current Investments		7,349,837	22,794,932
	(Increase)/Decrease in Current Investments (Net)		(96,599,357)	(632,202,593)
	Dividend Income on Current Investments		44,238,913	21,748,692
	Inter Corporate Deposits/Loans Given		-	(43,239,998)
	Inter Corporate Deposits/Loans Refunded		43,239,998	190,000,000
	Capital Expenditure on Fixed Assets		(12,505,707)	(6,968,588)
	Proceeds from Sale of Fixed Assets		1,385,498	690,281
	Interest Received		5,800,847	20,435,554
				-
	NET CASH USED IN INVESTING ACTIVITIES	B	(7,089,971)	(429,741,720)

CASH FLOW STATEMENT

For The Year Ended 31st March, 2016

Amount (₹)

			For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(C)	CASH FROM FINANCING ACTIVITIES			
	Issue of Equity Share Capital		-	5,640,000
	Dividend on Equity Shares		(408,242,562)	(407,669,750)
	Payment of Dividend Distribution tax		(40,661,285)	(47,172,130)
	NET CASH USED IN FINANCING ACTIVITIES	C	(448,903,847)	(449,201,880)
(D)	Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C)	112,196,206	(7,801,994)
	Cash and Cash Equivalent at the beginning of the year as per Balance Sheet (Refer Note 13)		38,264,902	46,066,896
	Cash and Cash Equivalent at the end of the year (Refer Note 13)		150,461,108	38,264,902
			112,196,206	(7,801,994)
	Reconciliation of Cash and cash equivalents with the Balance Sheet:			
	Cash and cash equivalents as per Balance Sheet (Refer Note 13)		182,674,669	65,644,388
	Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) :			
	(i) In earmarked accounts (Refer Note (i) below)			
	- Unpaid dividend accounts		(32,213,561)	(27,379,486)
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 13 *		150,461,108	38,264,902
	Cash and Cash Equivalent at the end of the year (Refer Note 13)		150,461,108	38,264,902
	* Comprises			
	(a) Cash on hand		33,653	50,404
	(b) Balances with banks			
	(i) In current accounts		4,592,519	18,214,498
	(ii) In Fixed Deposit accounts		145,834,936	20,000,000
			150,461,108	38,264,902

Notes :

- (i) These earmarked account balances with banks can be utilised only for the specific identified purposes
- (ii) The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

Chairman
DIN : 00032812

Chief Executive Officer &
Executive Director
DIN : 00028037

Chief Financial Officer
DIN : 00060698

Company Secretary
DIN : 00030836

Place : Mumbai
Date : May 3, 2016

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

Corporate Information

IL&FS Investment Managers Limited (IIML) is incorporated in India as a public limited company under the provisions of the Companies Act, 1956. IIML is one of India's largest domestic private equity fund management companies which manages funds on behalf of leading Indian and International Institutions

1) Significant Accounting Policies

(a) Basis of accounting and preparation of Financial Statements

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards, prescribed under Section 133 of the Companies Act, 2013 ("the CA 2013") as applicable. The Financial Statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in previous year

(b) Use of Estimates

The preparation of Financial Statements in conformity with Indian GAAP 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

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

Fixed Assets are carried at cost less accumulated depreciation/amortisation & impairment losses if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes and any directly attributable expenditure on making the asset ready for its intended use

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
Data Processing Equipments (Servers & Networking)	4
Office Equipments	4
Vehicles	4
Lease hold improvement	Over the lease period
Asset given to employees	3
Intangible Fixed Assets:	
Computer Software	3
Business Know-how, management and advisory contracts	Over the life of the Fund

As per CA 2013, depreciation of fixed assets has to be provided based on estimated useful life as per Schedule II of the CA 2013. However, there are certain categories of assets in whose cases the life of assets have been assessed as under, taking into consideration the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, the past history of replacement, anticipated technological changes etc. Pursuant to the foregoing, it is proposed to continue with the existing policy of accelerated depreciation on following category of assets:

- (i) Mobile Phones and Ipad / Tablets 100% depreciated during the year of capitilisation due to extensive usage and technological obsolescence
- (ii) Vehicles as per the current policy of 4 years as against the useful life of 8 years provided in the CA 2013
- (iii) Furniture and Fixtures as per current policy of 5 years as against the useful life of 10 years provided in the CA 2013
- (iv) Office Equipment as per current policy of 4 years as against the useful life of 5 years provided in the CA 2013
- (v) Data Processing Equipment - Servers & Networking as per current policy of 4 years as against the useful life of 6 years provided in the CA 2013
- (vi) Assets provided to Employees as perquisites would be depreciated over a period of 3 years in line with the rules set in the Employee Hand Book (EHB).
- (vii) Individual assets costing ₹ 5,000 or less in the year of capitilisation shall be depreciated 100% for all the categories of assets

Residual value of all assets is retained at ₹ 1

Assets whose useful life has been completed as at March 31, 2014 are fully depreciated and such depreciation is routed through the Reserves & Surplus Account. All other assets outstanding in the books as at March 31, 2014 are depreciated over the balance useful life

(d) 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 to the extent the amount was previously charged to the Statement of Profit and Loss, except in case of revalued assets

(e) 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

(f) Investments

- (i) Investments are recognised at actual cost including costs incidental to acquisition such as brokerage fees and duties
- (ii) Investments are classified as non-current or current at the time of acquisition of such investments
- (iii) Non current 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

(g) Foreign Currency Transactions and Translations

(i) Initial recognition

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

Net investment in non-integral foreign operations is accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction

(ii) Measurement at the balance sheet date

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) **Treatment of exchange differences**

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

(h) **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

Any profit or loss arising on cancellation or renewal of such a forward contract is recognised as income or expense in the period in which such cancellation or renewal is made

(i) **Revenue Recognition**

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

(j) **Employee Benefits**

- (i) The Company's contribution to Provident Fund, Superannuation Fund 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 a 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 leave policy. The compensated absence 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

k) **Placement Fees Expense**

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

l) **Taxation**

Tax Expense comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the year. Current Tax is the amount of tax payable on taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if

such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their reliability

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss

m) 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 (excluding retirement benefits) are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. 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

n) 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 and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

o) 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

p) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing the credits

2) Share Capital

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

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Authorised Share Capital		
325,000,000 Equity shares of ₹ 2/- each	650,000,000	650,000,000
(Previous Year 325,000,000 Equity shares of ₹ 2/- each)		
Issued , Subscribed and Fully Paid-up Capital		
314,032,740 Equity shares of ₹ 2/-each (As at March 31, 2015: 314,032,740 Equity shares of ₹ 2/- each) with voting rights	628,065,480	628,065,480
Add: Forfeited shares	20,000	20,000
	628,085,480	628,085,480

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

- 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, 2016		As at March 31, 2015	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
At the beginning of the year	314,032,740	628,065,480	313,592,115	627,184,230
Add: Allotment made towards Employee Stock Option Plan [ESOP] shares exercised	-	-	440,625	881,250
At the end of the year	314,032,740	628,065,480	314,032,740	628,065,480

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Infrastructure Leasing & Financial Services Limited, the Holding Company	158,333,152	50.42	158,333,152	50.42

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

The Company has one class of Equity Shares with face value of ₹ 2 each. Each Shareholder has a voting right in proportion to their holding of the paid up Equity Share Capital of the Company

- v) Number 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 (₹)
2015-16	-	-	-
2014-15	-	-	-
2013-14	2	104,530,705	209,061,410
2012-13	-	-	-
2011-12	-	-	-

- vi) 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/-

- vii) 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 years 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 Financial Statements For The Year Ended 31st March, 2016

» 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:

	ESOP 2006	
Particulars	No of Options	Weighted Average Exercise Price (₹)
Authorised to be Granted	16,875,000	-

- » 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 ended March 31, 2016 (Previous year: Nil)

3) Reserves & Surplus

The movement in Reserves and Surplus are as under:

	Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
a)	Securities Premium Reserve		
	Balance as per previous Balance Sheet	4,758,750	-
	Add: Premium on ESOP shares issued during the year	-	4,758,750
	Balance at end of the year	4,758,750	4,758,750
b)	General Reserve		
	Balance as per previous Balance Sheet	301,823,844	244,823,844
	Add: Appropriation from Profit and Loss Account	-	57,000,000
	Balance at end of the year	301,823,844	301,823,844
c)	Surplus in Statement of Profit and Loss		
	Balance as per previous Balance Sheet	212,783,450	160,055,737
	Add: Profit for the year	491,337,713	558,916,310
	Less: Appropriation for Dividend	(376,839,288)	(408,242,562)
	Less: Appropriation for Dividend tax	(23,110,249)	(40,661,285)
	Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Refer Note 7)	-	(284,750)
	Less: Transfer to General Reserve	-	(57,000,000)
	Balance at end of the year	304,171,626	212,783,450
		610,754,220	519,366,044

The Company had proposed dividend for the year ended March 31, 2016, on Equity Shares @ ₹ 1.20/- per share aggregating ₹ 399,949,537/- inclusive of dividend distribution tax of ₹ 23,110,249/-

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

4) Long Term Provisions

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, 2016 (₹)	As at March 31, 2015 (₹)
Provision for compensated absences	20,618,078	21,156,474
	20,618,078	21,156,474

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

(i) Defined-Contribution Plans

The Company has recognised ₹ 10,082,531/- (Previous year – ₹ 10,872,091/-) 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 ₹ 3,633,198/- (Previous year ₹ 3,833,295/-) as Company's contribution to Superannuation Fund maintained with Life Insurance Corporation of India

(ii) Defined-Benefit Plans:

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

	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
I.	Assumptions		
	Discount Rate	7.86%	7.95%
	Rate of Return on Plan Assets	7.86%	7.95%
	Salary Escalation	6.50%	6.50%
	Attrition Rate	2%	2%
	Mortality Table	Indian Assured Lives mortality (2006-2008) ultimate	Indian Assured Lives mortality (2006-2008) ultimate
II.	Table Showing Change in Benefit Obligation:	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
	Liability at the beginning of the year	89,072,108	77,355,176
	Interest Cost	7,081,233	7,217,238
	Current Service Cost	7,082,966	6,602,359
	Liability Transfer In	-	105,356
	Benefit Paid	(5,499,238)	(7,534,269)
	Actuarial (gain)/loss on obligations	(4,323,979)	5,326,248
	Liability at the end of the year	93,413,090	89,072,108
III.	Tables of Fair value of Plan Assets:	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
	Fair Value of Plan Assets at the beginning of the year	99,236,395	95,042,294
	Expected Return on Plan Assets	7,889,293	8,268,680

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

	Contributions	221,818	3,549,567
	Transfer from other Company	-	105,356
	Benefit Paid	(5,499,238)	(7,534,269)
	Actuarial gain/(loss) on Plan Assets	393,640	(195,233)
	Fair Value of Plan Assets at the end of the year	102,241,908	99,236,395
	Total Actuarial Gain/(Loss) to be recognised	4,717,619	(5,521,481)
IV.	Actual Return on Plan Assets:	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
	Expected Return on Plan Assets	7,889,293	8,268,680
	Actuarial gain/(loss) on Plan Assets	393,640	(195,233)
	Actual Return on Plan Assets	8,282,933	8,073,447

		March 31, 2016 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2013 (₹)	March 31, 2012 (₹)
V.	Amount Recognised in the Balance Sheet:					
	Liability at the end of the year	93,413,090	89,072,108	77,355,176	70,386,735	64,355,012
	Fair Value of Plan Assets at the end of the year	102,241,908	99,236,395	95,042,294	79,162,642	68,471,354
	Difference	8,828,818	10,164,287	17,687,118	8,775,907	4,116,342
	Unrecognised Past Service Cost	-	-	-	-	-
	Amount Recognised in the Balance Sheet	8,828,818	10,164,287	17,687,118	8,775,907	4,116,342

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

		For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)			
VI.	Expenses Recognised in the Statement of Profit and Loss:					
	Current Service Cost	7,082,966	6,602,359			
	Interest Cost	7,081,233	7,217,238			
	Expected Return on Plan Assets	(7,889,293)	(8,268,680)			
	Net Actuarial (Gain)/Loss To Be Recognised	(4,717,619)	5,521,481			
	Expense Recognised in Statement of Profit and Loss	1,557,287	11,072,398			
VII.	Balance Sheet Reconciliation:	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)			
	Opening Net Liability / (Asset)	(10,164,287)	(17,687,118)			
	Expense as above	1,557,287	11,072,398			
	Employers Contribution	(221,818)	(3,549,567)			
	Amount Recognised in Balance Sheet	(8,828,818)	(10,164,287)			
VIII.	Description of Plan Assets:					
	Insurer Managed Funds	100%	100%			
IX.	Experience Adjustments:					
		March 31, 2016 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2013 (₹)	March 31, 2012 (₹)
	Experience adjustments on plan liabilities gain/(loss)	(4,323,979)	4,687,717	3,955,888	2,079,803	12,962,572
	Experience adjustments on plan assets gain/(loss)	(393,640)	(195,233)	(27,058)	145,016	1,134,703

Other Details:

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

i) Other Current Liabilities consists of:

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Unclaimed Dividend	32,213,561	27,379,486
Others:		
Statutory Liabilities	2,639,510	7,592,884
Other Payables	1,519,262	1,179,045
	36,372,333	36,151,415

ii) Other Payables pertains to amount payable for employees Provident Fund and Professional Tax

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

- iii) Unclaimed Dividend of ₹ 32,213,561/- relates to the period from FY2008-2009 to FY2014-2015. During the year ended March 31, 2016 an amount of ₹ 1,852,834/- (Previous year: ₹ 1,414,260/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2008

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, 2016 (₹)	As at March 31, 2015 (₹)
Provision for Employee Benefits:		
Provision for compensated absences	5,919,366	4,432,286
Provision for Performance Related Pay	36,000,000	36,000,000
Others:		
Provision for Tax (net of advance tax ₹ 519,687,740/- Previous year ₹ 517,425,140/-)	31,122,260	33,384,860
Provision for Dividend	376,839,288	408,242,562
Provision for Dividend Tax	23,110,249	40,661,285
	472,991,163	522,720,993

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

7) Fixed Assets:

(a) Tangible and Intangible Assets

Current Year :

Amount (₹)

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 01.04.2015	Additions/ Adjustments	Deductions/ Adjustments	As on 31.03.2016	Up to 31.03.2015	For the Year	Deductions/ Adjustments	Up to 31.03.2016	As At 31.03.2016
Tangible Assets (Owned) :									
Furniture and Fixtures	8,885,927	949,354	(2,526,815)	7,308,466	8,190,066	231,752	(2,256,139)	6,165,679	1,142,787
Vehicles	3,222,545	9,898,585	(1,376,379)	11,744,751	731,987	2,089,981	(524,742)	2,297,226	9,447,525
Office Equipments	4,718,627	699,294	(1,502,841)	3,915,080	4,257,846	852,517	(1,488,575)	3,621,788	293,292
Data Processing Equipments	7,650,676	958,474	(1,569,320)	7,039,830	4,333,490	1,637,220	(1,382,186)	4,588,524	2,451,306
Lease Improvements	7,952,435	-	-	7,952,435	7,952,426	-	-	7,952,426	9
Total (A)	32,430,210	12,505,707	(6,975,355)	37,960,562	25,465,815	4,811,470	(5,651,642)	24,625,643	13,334,919
Intangible Assets (Other than internally generated):									
Computer Software	6,183,397	-	-	6,183,397	5,864,562	227,951	-	6,092,513	90,884
Total (B)	6,183,397	-	-	6,183,397	5,864,562	227,951	-	6,092,513	90,884
Total (A+B)	38,613,607	12,505,707	(6,975,355)	44,143,959	31,330,377	5,039,421	(5,651,642)	30,718,156	13,425,803

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

7) Fixed Assets:

Previous Year – April 1, 2014 to March 31, 2015

Amount (₹)

Description of Assets	GROSS BLOCK (at Cost)			DEPRECIATION / AMORTISATION					NET BLOCK	
	As on 01.04.2014	Additions/ Adjustments	Deductions/ Adjustments	As on 31.03.2015	Up to 31.03.2014	For the Year	Deductions/ Adjustments	Transitional adjustment recorded against Surplus balance in Statement of Profit and Loss(note 1)	Up to 31.03.2015	As on 31.03.2015
Tangible Assets (Owned) :										
Furniture and Fixtures	9,535,870	796,140	(1,446,083)	8,885,927	6,371,508	2,688,252	(1,154,444)	284,750	8,190,066	695,861
Vehicles	936,331	2,715,618	(429,404)	3,222,545	583,087	400,660	(251,760)	-	731,987	2,490,558
Office Equipments	4,474,664	947,293	(703,330)	4,718,627	3,733,528	1,227,613	(703,295)	-	4,257,846	460,781
Data Processing Equipments	6,700,830	2,509,537	(1,559,691)	7,650,676	4,552,755	1,340,395	(1,559,660)	-	4,333,490	3,317,186
Lease Improvements	7,952,435	-	-	7,952,435	7,952,426	-	-	-	7,952,426	9
Total (A)	29,600,130	6,968,588	(4,138,508)	32,430,210	23,193,304	5,656,920	(3,669,159)	284,750	25,465,815	6,964,395
Intangible Assets (Other than internally generated) :										
Computer Software	6,183,397	-	-	6,183,397	5,514,537	350,025	-	-	5,864,562	318,835
Business Know-how, Managementa and Advisory Contracts (refer note 2)	113,099,511	-	(113,099,511)	-	113,099,511	-	(113,099,511)	-	-	-
Total (B)	119,282,908	-	(113,099,511)	6,183,397	118,614,048	350,025	(113,099,511)	-	5,864,562	318,835
Total (A+B)	148,883,038	6,968,588	(117,238,019)	38,613,607	141,807,352	6,006,945	(116,768,670)	284,750	31,330,377	7,283,230

Note no 1: ₹ 284,750/- depreciation on assets whose useful life is completed on March 31, 2014, routed through Reserves and Surplus in terms of transitional provisions of the Schedule II of the CA 2013

Note no 2: Business Know-how, Management and Advisory Contracts represent the amount capitalised in FY 2002-03 towards acquisition of management contracts for funds. This has been amortised over a period of 5 years. Since the life of the fund has expired, the amount of asset disclosed in Fixed assets schedule has been written back against the provision for depreciation in the books

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

8) Non Current Investments:

Non Current investment consists of:

	Particulars	Face Value	Quantity	Cost As at March 31,2016 (₹)	Quantity	Cost As at March 31,2015 (₹)
	Trade Investments					
I	Investment in Equity Instruments (Unquoted) (Fully Paid-up)					
(i)	Investment in subsidiaries					
	IL&FS Asian Infrastructure Managers Ltd	₹ 10	2,341,837	23,418,370	2,341,837	23,418,370
	IL&FS Urban Infrastructure Managers Ltd	₹ 10	1,000,000	10,000,000	1,000,000	10,000,000
	IL&FS Investment Advisors LLC	\$ 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	\$ 1	1	45	1	45
	IIML Fund Managers (Singapore) Pte Ltd	\$ 10	145,000	84,707,823	145,000	84,707,823
				168,845,545		168,845,545
ii)	Investment in joint venture (Fully Paid-up)					
	IL&FS Milestone Realty Advisors Private Ltd	₹ 10	400,000	800,000	400,000	800,000
	Standard Chartered IL&FS Management (Singapore) Pte Ltd	\$ 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			171,946,545		171,946,545
II	Investment in Unquoted Redeemable Participating Shares (Fully Paid-up)					
	- Investment in subsidiaries					
	IL&FS Investment Advisors LLC	\$ 0.01	100,000	45,010	100,000	45,010
	IIML Advisors LLC	\$ 0.01	24,999,900	12,599,953	24,999,900	12,599,953

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

	Total Investment in Participating shares			12,644,963		12,644,963
III)	Investment in Units of Venture Fund (Unquoted) (Fully Paid-up)					
	Particulars	Face Value	Quantity	Cost as at March 31, 2016 (₹)	Quantity	Cost March 31, 2015 (₹)
	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	764.00	76,400,288	803.36	80,336,063
	IFIN Realty Trust (Class C Units)	10,000	10	100,000	10	100,000
	IFIN Realty Trust (Class A Units)	1,000,000	68.78	68,777,800	69.97	69,972,700
	TARA India Fund III Trust-(Class D Units)	1,000,000	3.10	3,101,409	3.10	3,101,409
	TARA India Fund III Trust-(Class A Units)	1,000,000	71.72	71,718,046	71.72	71,718,046
	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
	Tara India Fund IV Trust-Class A units	1,000,000	3	3,000,000	3	3,000,000
	TARA India Fund III Trust (Class C Units)	10,000	50	500,000	50	500,000
	Total Investment in Units of Venture Fund			224,347,543		229,478,218
	Total Investments (I + II+III)			408,939,051		414,069,726
	Less: Provision for diminution in value of investments			(16,000,000)		-
				392,939,051		414,069,726

9) Deferred Tax Asset (net):

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, 2016 the timing difference has resulted in a net deferred tax charge of ₹ 574,000/- (Previous year net deferred tax credit of ₹ 191,000)
- The net deferred tax asset realised in the accounts as of March 31, 2016 are as follows:

Nature of Timing Differences	March 31, 2015 Asset/(Liability) (₹)	Adjusted during the year (₹)	March 31, 2016 Asset/(Liability) (₹)
Net Depreciation	6,538,000	(1,034,000)	5,504,000
Retirement Benefits	8,781,000	460,000	9,241,000
Total	15,319,000	(574,000)	14,745,000
Previous year – April 1,2014 to March 31, 2015	15,128,000	191,000	15,319,000

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

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:

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Secured, considered good		
Staff Loan	297,133	1,040,897
Unsecured , considered good		
Advance Tax net of provision of ₹ 1,156,485,000/- (Previous year ₹ 999,685,000/-)	62,755,831	44,261,881
Security Deposits	60,960	63,960
Prepaid Expenses	6,874,415	7,864,632
	69,988,339	53,231,370

11) Current Investments:

The details of Current Investments are provided below:

Particulars	As at March 31, 2016 (₹)			As at March 31, 2015 (₹)		
Non Trade - Unquoted (at cost)						
Investment in Mutual Funds	Units	Face Value	Amount	Units	Face Value	Amount
ICICI Prudential Liquid -Regular Plan - Daily Dividend	693,904	100	69,434,576	558,659	100	55,901,381
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend	1,034,166	100	103,550,561	504,746	100	50,539,918
DHFL Pramerica Insta Cash Plus Fund - Daily Dividend - Reinvestment (DWS Insta Cash Plus Fund - Daily Dividend - Reinvestment)	601,451	100	60,327,977	142,476	100	14,290,899
Franklin India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	-	-	-	46,453	1,000	46,486,339
Reliance Liquid Fund Treasury Fund - Treasury Plan - IP -DDR	36,720	1,000	56,134,949	33,063	1,000	50,544,776
Reliance Liquidity Fund – Daily Dividend – Reinvestment Option	52,748	1,000	52,775,099	30,328	1,000	30,342,972
Birla Sun Life Cash Plus - Daily Dividend-Regular Plan	252,745	100	25,323,760	507,345	100	50,833,452
Birla Sun Life Savings Fund - Daily Dividend-Regular Plan	402,990	100	40,418,710	-	-	-
Kotak Floater Treasury Advantage Fund –Daily Dividend - Regular Plan	-	-	-	2,820,924	10	28,434,347
Kotak Liquid Scheme Plan A-Daily Dividend - Regular Plan	4,222	1,000	5,162,663	37,220	1,000	45,512,805

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

Particulars	As at March 31, 2016 (₹)			As at March 31, 2015 (₹)		
Non Trade - Unquoted (at cost)						
Investment in Mutual Funds	Units	Face Value	Amount	Units	Face Value	Amount
Kotak Floater Short Term - Daily Dividend - Regular Plan	92,635	1,000	93,711,787	44,994	1,000	45,516,918
Kotak Low Duration Fund Direct Growth	58,763	1,000	100,000,000	-	-	-
Sundaram Money Fund Regular Daily Dividend (Dividend Option-Reinvestment)	-	-	-	3,005,656	10	30,343,002
Taurus Liquid Fund - Existing Plan - Super Institutional Daily Dividend-Reinvestment	35,530	1,000	35,541,640	30,474	1,000	30,481,618
HDFC Liquid Fund - Dividend - Daily Reinvest	52,151	1,000	53,184,792	3,969,006	10	40,476,720
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	-	-	-	4,704,154	10	50,035,267
LIC Nonuma MF Liquid Fund - Dividend Plan	-	-	-	46,033	1,000	50,544,006
Tata Liquid Fund Plan A - Daily Dividend	20,519	1,000	22,868,666	45,353	1,000	50,546,590
Tata Money Market Fund Plan A - Daily Dividend	-	-	-	55,311	1,000	55,394,386
Baroda Pioneer Liquid Fund Plan A-Daily Dividend Plan	53,255	1,000	53,314,986	50,490	1,000	50,546,224
JP Morgan India Liquid Fund - Super Institutional Plan - Daily Dividend	-	-	-	5,039,378	10	50,534,375
SBI Premier Liquid Fund - Regular Plan - Daily Dividend	-	-	-	49,855	1,000	50,016,693
IDFC Cash Fund-Daily Dividend-(Regular Plan)	-	-	-	20,000	1,000	20,008,848
DHFL Pramerica Ultra Short Term Fund - Daily Dividend - Reinvestment (DWS Ultra Short Term Fund - Daily Dividend - Reinvestment)	11,074,620	10	110,971,059	-	-	-
ICICI Prudential Flexible Income - Daily Dividend	1,051,769	100	111,209,668	-	-	-
			993,930,893			897,331,536
Aggregate book value of unquoted investments			993,930,893			897,331,536

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

12) 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, 2016 (₹)	As at March 31, 2015 (₹)
Unsecured, considered good: (outstanding for more than 6 months from the date they are due for payment)	40,312,243	34,976,587
Unsecured, considered good: (outstanding for less than 6 months from the date they are due for payment)	39,841,117	180,579,556
Total	80,153,360	215,556,143

13) Cash and Cash Equivalents:

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Cash and Cash Equivalent:		
Cash in hand	33,653	50,404
Balance with Banks		
- in Current Accounts	4,592,519	18,214,498
Other Bank Balances:		
- In Fixed Deposit Accounts	145,834,936	20,000,000
- In earmarked Accounts » Current Accounts referring to unclaimed dividend accounts	32,213,561	27,379,486
	182,674,669	65,644,388

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, Balances with bank in Current account and Fixed Deposits amounting to ₹ 150,461,108/- (Previous year ₹ 38,264,902/-)

14) 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, 2016 (₹)	As at March 31, 2015 (₹)
Secured , considered good		
Staff Loan	84,282	160,898
Unsecured , considered good		
Loans & advance to Related party (refer note 27)	-	43,239,998
Prepaid Expenses	14,189,983	16,688,158
Service tax Credit Available	6,056,857	182,962
Others	28,017,749	23,282,027
	48,348,871	83,554,043

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, 2016

- iii) Inter Corporate Deposits given to Related Parties represent the company's short term surplus funds placed with Infrastructure Leasing & Financial Services Limited

As at March 31, 2016			As at March 31, 2015		
Amount (₹)	Interest rate	Tenor	Amount (₹)	Interest rate	Tenor
-	-	-	43,239,998	9%	368 days

15) Other Current Assets:

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Interest accrued	693,844	3,924,293
Revaluation on derivative contracts	-	1,125,200
Forward Cover Premium	-	2,403,305
	693,844	7,452,798

16) Contingent Liabilities:

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Claims not acknowledged as debts:		
Income tax demands contested by the Company	29,544,293	29,544,293

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

17) Revenue from Operations:

	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Fees from Fund Management and Advisory Services	739,539,013	804,485,068
	739,539,013	804,485,068

18) Other Operating Income:

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Dividend Income		
From Non-Current Investments		
- Subsidiaries	263,336,992	208,541,150
- Joint Venture	15,619,950	17,094,748
Total (a)	278,956,942	225,635,898
Net gain/loss on sale of Investments:		
Income from Venture Capital Fund units	2,219,162	9,027,398
Total (b)	2,219,162	9,027,398
Total (a + b)	281,176,104	234,663,296

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

19) Other Income:

i) Other Income comprises of:

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Interest Income		
Interest Income on		
- Fixed Deposits with Banks	2,136,852	2,715,142
- Other Deposits / Loans	433,546	10,293,731
	2,570,398	13,008,873
Dividend income from Current non-trade Investments	44,238,913	21,748,692
Net gains/loss on sale of investments		
Profit on sale of current non-trade investments	-	179,386
Profit on sale of Fixed Asset	61,785	220,932
Interest on income tax refund	-	5,110,837
Foreign Exchange Gain	-	34,229,554
Miscellaneous Income	3,371,064	40,982,778
	50,242,160	115,481,052

ii) Miscellaneous Income includes ₹ 2,056,000/- (Previous year ₹ 25,383,000/-) being the reversal of excess provision for Performance Pay for the previous year and ₹ Nil (Previous year ₹ 15,574,776/-) towards recovery of fund set up cost

20) Employee Benefit Expense:

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Salaries and Allowances	219,130,597	234,297,508
Contribution to Provident fund and other Funds	16,031,269	26,707,247
Staff Training and Welfare Expenses	2,097,616	2,253,250
	237,259,482	263,258,005
Less: Recovery on deputation cost	(6,602,438)	(23,700,000)
	230,657,044	239,558,005

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

21) Other Administrative and Operating Expenses:

a) Other Administrative and Operating Expenses consists of:

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Rent	32,499,916	35,211,596
Rates and Taxes	1,609,855	758,625
Electricity and Water Charges	934,550	1,009,666
Travelling and Conveyance	18,519,010	17,729,684
Insurance	5,027,471	3,356,204
Repairs and Maintenance	6,064,821	4,288,124
Audit Fees	4,680,000	4,594,944
Legal and Professional Expenses	43,845,829	33,629,551
Brand Subscription Fees	14,432,868	15,139,320
Expenditure on Corporate Social Responsibility	11,590,088	4,513,020
Miscellaneous Expenses	29,389,829	27,158,422
Provision for Diminution in value of Investments	16,000,000	-
Foreign Exchange Loss	1,854,862	-
	186,449,099	147,389,156

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, director's sitting fees, conference and seminar and books and periodicals

b) Amounts paid/payable to the Statutory Auditors :

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
As Auditors	3,500,000	2,500,000
For audit of consolidated accounts	600,000	600,000
In any other capacity		
For taxation matters	-	900,000
For other services, certification etc.	580,000	594,944
Total	4,680,000	4,594,944

The above fees are exclusive of service tax

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

c) Earnings in Foreign Currency (on accrual basis):

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Management Fee Income	600,270,426	645,063,480
Dividend Income	202,530,000	153,588,750

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

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Travelling Expenses	7,125,348	2,682,691
Conference and Seminar	1,644,042	988,500
Books and Periodicals	731,454	628,863
Advertisement Expenses	784,880	-
Subscription to association	2,565,466	1,730,728
Legal and Professional fees	16,546,860	5,127,078

22) 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 period as under:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit After Tax (₹)	491,337,713	558,916,310
Weighted Average Number of Equity Shares in calculating Basic EPS	314,032,740	313,821,481
Add: Potential Equity Shares on conversion of ESOPs during the year (weighted average from date of grant for options issued during the year)	-	69,694
Weighted Average Number of Equity Shares in calculating Diluted EPS	314,032,740	313,891,175
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	1.56	1.78
(iii) Diluted Earnings per share (₹)	1.56	1.78

23) Leases:

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

Future Lease rentals	March 31, 2016 (₹)	March 31, 2015 (₹)
Not later than one year	4,846,651	6,364,105
Later than one year but not later than 5 years	977,604	6,211,099

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Amount charged to the Statement of Profit and Loss (on non- cancellable lease)	6,162,334	7,687,952
Amount charged to the Statement of Profit and Loss (on cancellable lease)	25,857,582	27,058,644

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

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

25) Derivatives and foreign currency Exposures:

a) The Company has following forward exchange contracts outstanding:

Particulars	As at March 31, 2016	As at March 31, 2015
Number of Contracts	-	3
Notional amount (Sell)	-	\$ 4,500,000
Notional amount (Buy)	-	₹290,306,250

b) Foreign currency exposures:

There are no foreign currency exposures that have not been hedged by a derivative instrument or otherwise at the year end

26) 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 no disclosures are to be given in respect thereof. This has been provided by the Company and relied upon by the auditors

27) 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 [IL&FS]
Sr No	Subsidiaries
1	IL&FS Urban Infrastructure Managers Limited [IUIML]
2	IL&FS Asian Infrastructure Managers Limited [IAIML]
3	IL&FS Investment Advisors LLC [IIAL]
4	IIML Asset Advisors Limited [IAAL]
5	IIML Advisors LLC [IAL]
6	IIML Fund Managers (Singapore) Pte Ltd [IFMSPL]
Sr No	Fellow Subsidiaries *
1	IL&FS Financial Services Limited [IFIN]
2	IL&FS Securities Services Limited [ISSL]
3	IFIN Realty Trust [IFINRT]
4	IL&FS IIDC Fund [IIF]
5	IL&FS Infrastructure Equity Fund – I [IIEF-I]
6	IL&FS Trust Company Limited [ITCL]

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

Sr No	Fellow Subsidiaries *
7	IL&FS Energy Development Company Limited [IEDCL]
8	IL&FS Education & Technology Services Limited [IETSL]
9	IL&FS Technologies Limited [ITL] from January 30,2015
10	Livia India Limited [Livia]
11	IL&FS Academy of Applied Development [IAAD]
Sr No	Joint Venture Companies
1	IL&FS Milestone Realty Advisors Private Limited [IMRAPL]
2	Standard Chartered IL&FS Management (Singapore) Pte Limited
Sr No	Key Management Personnel
1	R C Bawa – Managing Director from May 4,2015
2	Dr Archana Hingorani –CEO and Executive Director
3	Mr Manoj Borkar – Chief Financial Officer
4	Mr Sanjay Mitra – Company Secretary

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

- b) The nature and volume of transactions during the year ended March 31, 2016, with the above related parties were as follows:

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiaries (₹)	Joint Ventures (₹)	Key Management personnel (₹)
Advisory Fee Income					
IIAL	-	596,997,513	-	-	-
IAIML	-	3,964,300	-	-	-
IFINRT	-	-	12,406,552	-	-
IIF	-	-	700,000	-	-
IIEF-1	-	-	26,727,885	-	-
Dividend received					
IAAL	-	44,952,400	-	-	-
IUIML	-	10,000,000	-	-	-
IAIML	-	5,854,593	-	-	-
IMRAPL	-	-	-	15,619,950	-
IIAL	-	202,530,000	-	-	-
Interest Income					
IL&FS	362,505	-	-	-	-
Repayment of Term Deposits					
IL&FS	43,239,998	-	-	-	-
Other Expenses					
IL&FS	526,711	-	-	-	-
ITCL	-	-	15,891	-	-
ISSL	-	-	10,571	-	-
IFIN	-	-	459,404	-	-

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiaries (₹)	Joint Ventures (₹)	Key Management personnel (₹)
IAAD	-	-	37,100	-	-
Professional Expenses					
ITCL	-	-	375,000	-	-
Livia	-	-	3,054,537	-	-
Rent paid					
IL&FS	26,326,812	-	-	-	-
Repairs & Maintenance - Others					
IL&FS	1,584,075	-	-	-	-
ITL	-	-	618,000	-	-
Transfer of assets					
IL&FS	87,192	-	-	-	-
Electricity Charges					
IL&FS	853,501	-	-	-	-
Brand subscription fees					
IL&FS	14,432,868	-	-	-	-
Telephone/Webhosting Charges					
IETS	-	-	200,000	-	-
Other Reimbursement (Paid) / Recovered					
IL&FS	570,456	-	-	-	-
IFSL	-	459,404	-	-	-
IAAL	-	15,345	-	-	-
IIAL	-	17,324,524	-	-	-
IAIML	-	3,258,201	-	-	-
IETSL	-	-	30,006	-	-
IEDCL	-	-	30,006	-	-
Managerial Remuneration					
R C Bawa	-	-	-	-	4,949,574
Dr Archana Hingorani	-	-	-	-	24,574,575
Mr Manoj Borkar	-	-	-	-	20,934,071
Mr Sanjay Mitra	-	-	-	-	9,407,453

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

- c) The nature and volume of transactions during the year ended March 31, 2015, with the above related parties were as follows:

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiaries (₹)	Joint Ventures (₹)	Key Management personnel (₹)
Advisory Fee Income					
IIAL	-	643,835,660	-	-	-
IAIML	-	8,681,000	-	-	-
IFINRT	-	-	15,914,153	-	-
IIF	-	-	1,000,000	-	-
IIEF-1	-	-	25,341,330	-	-
Dividend received					
IAAL	-	44,952,400	-	-	-
IUIML	-	10,000,000	-	-	-
IIAL	-	153,588,750	-	-	-
IMRAPL	-	-	-	17,094,748	-
Interest Income					
IL&FS	10,234,503	-	-	-	-
Term Deposit Placed					
IL&FS	43,239,998	-	-	-	-
Repayment of Term Deposits					
IL&FS	190,000,000	-	-	-	-
Other Expenses					
IL&FS	1,178,426	-	-	-	-
ITCL	-	-	55,494	-	-
ISSL	-	-	28,200	-	-
IAAD	-	-	44,944	-	-
Rent paid					
IL&FS	27,538,644	-	-	-	-
Repairs & Maintenance - Others					
IL&FS	525,960	-	-	-	-
ITL	-	-	711,018	-	-
Livia	-	-	2,114,364	-	-
IFSL	-	-	45,753	-	-

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiaries (₹)	Joint Ventures (₹)	Key Management personnel (₹)
Electricity Charges					
IL&FS	1,001,164	-	-	-	-
Professional Fees					
ISSL	-	-	40,000	-	-
Brand subscription fees					
IL&FS	15,139,320	-	-	-	-
(Other Reimbursement Paid) / Recovered					
IL&FS	(1,030,047)	-	-	-	-
IAAL	-	1,951,888	-	-	-
IAIML	-	889,078	-	-	-
IETSL	-	68,656	-	-	-
IEDCL	-	75,457	-	-	-
Managerial Remuneration					
Dr Archana Hingorani	-	-	-	-	28,480,633

d) Statement of significant balances as at March 31, 2016 are as follows:

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiary (₹)
Trade Receivables			
IFINRT	-	-	35,435
IAIML	-	10	-
Maximum outstanding Inter Corporate Deposits during the year			
IL&FS	43,239,998	-	-
Short Term Advances			
IL&FS	1,187,614	-	-
IAAL	-	13,545	-
IEDCL	-	-	34,207
Trade Payables			
IL&FS	3,944,971	-	-
IAAD	-	-	11,450
IETS	-	-	209,000

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2016

e) Statement of significant balances as at March 31, 2015 are as follows:

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiary (₹)
Trade Receivables			
IIAL	-	162,736,080	-
IIF	-	-	1,023,601
Income Received in advance			
IFINRT	-	-	249,647
Interest accrued-Current assets			
IL&FS	3,204,972	-	-
Current Maturities of Long-term Loans & Advances			
IL&FS	43,239,998	-	-
Maximum outstanding Inter Corporate Deposits during the year			
IL&FS	193,239,998	-	-
Short Term Advances			
IL&FS	51,376	-	-
IIAL	-	2,809,052	-
IIAL-Dubai	-	(17,951)	-
IEDCL	-	-	186,145
IETSL	-	-	52,656
Trade Payables			
IL&FS	717,145	-	-
IFIN	-	-	56,180
ISSL	-	-	11,760
ITL	-	-	45,226
Livia	-	-	2,138,129
ITCL	-	-	39,326

NOTES Forming part of Financial Statements For The Year Ended 31st March, 2016

28) Joint Venture Disclosure:

The Company has the following Joint Ventures as on March 31, 2016 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 interest/ ownership	Assets (₹)	Liabilities (₹)	Income (₹)	Expenditure (₹)
IL&FS Milestone Realty Advisors Private Limited	40%	35,346,710	8,307,477	34,560,571	31,522,108
		(50,314,234)	(9,205,056)	(36,827,536)	(33,164,443)
Standard Chartered IL&FS Management (Singapore) Pte Limited	50%	156,515,032	50,131,090	76,556,495	65,066,010
		(181,267,996)	(74,006,235)	(98,819,602)	(77,074,880)

(Figures in brackets represent corresponding previous year figures)

29) 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"

30) CSR expenditure:

- Gross amount required to be spent by the company during the year – ₹ 14,166,129/-
- Amount spent during the year on:

	In cash (₹)	Yet to be paid incash	Total (₹)
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	11,590,088	-	11,590,088

- At its board meeting dated August 11, 2015, the Company had decided to acquire 86.61% stake of IL&FS Infra Asset Management Ltd and 100% stake of IL&FS AMC Trustee Limited subject to necessary approvals of the Securities and Exchange Board of India which are still awaited

- Figures for the previous year have been regrouped / reclassified wherever considered necessary to conform to the current year's classification / disclosure

For and on behalf of the Board

Chairman
DIN: 00032812

Chief Executive Officer &
Executive Director
DIN: 00028037

Chief Financial Officer
DIN: 00060698

Company Secretary
DIN: 00030836

Place: Mumbai
Date: May 3, 2016

FORM AOC-1

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

(1)	Sr. No.	1	2	3	4	5	6
(2)	Name of the subsidiary	IL&FS Asian Infrastructure Managers Limited	IL&FS Urban Infrastructure Managers Limited	IIML Asset Advisors Limited	IL&FS Investment Advisors LLC	IIML Advisors LLC	IIML Fund Managers (Singapore) Pte Limited
(3)	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016
(4)	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA	NA	\$ @ 66.3329	USD @ 66.3329	USD @ 66.3329
(5)	Share capital	45,918,370	10,000,000	44,071,000	3,847,308	16,583,225	96,182,705
(6)	Reserves & surplus	14,960,868	151,800,779	38,705,392	2,364,184,752	(16,001,286)	(76,308,439)
(7)	Total assets	61,602,221	199,830,822	154,149,030	2,506,216,758	1,029,686	23,453,788
(8)	Total Liabilities	722,983	38,030,043	71,372,638	138,184,698	447,747	3,579,522
(9)	Investments	57,307,833	-	-	132,931	-	-
(10)	Turnover	5,633,275	157,411,715	95,201,794	1,437,350,894	-	29,080,874
(11)	Profit before taxation	536,476	35,261,235	27,192,725	332,339,437	(1,672,584)	(11,308,831)
(12)	Provision for taxation	-	10,983,212	6,854,000	12,257,391	-	-
(13)	Profit after taxation	536,476	24,278,023	20,338,725	320,082,046	(1,672,584)	(11,308,831)
(14)	Proposed Dividend	-	10,000,000	44,952,400	-	-	-
(15)	% of shareholding	51.00%	100%	100%	100%	100%	100%

(1) Names of subsidiaries which are yet to commence operations NIL

(2) Names of subsidiaries which have been liquidated or sold during the year NIL

FORM AOC-1

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr No	Name of Associates/Joint Ventures	IL&FS Milestone Advisors Private Limited	Standard Chartered IL&FS Singapore Pte Limited
1	Latest audited Balance Sheet Date	March 31, 2016	March 31, 2016
2	Shares of Associate/Joint Ventures held by the company on the year end	400,000 Equity Shares of ₹ 10 each	50,000 Equity shares of USD 1
	Amount of Investment in Associates/Joint Venture	₹ 4,000,000	₹ 2,218,500
	Extend of Holding %	40%	50%
3	Description of how there is significant influence	Based on Equity holding	Based on Equity holding
4	Reason why the associate /joint venture is not consolidated	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹)	27,039,234	104,745,254
6	Profit / Loss for the year		
	(i) Considered in Consolidation (₹)	3,038,464	(903,023)
	(ii) Not Considered in Consolidation	-	-

(1) Names of associates or joint ventures which are yet to commence operations NIL

(2) Names of associates or joint ventures which have been liquidated or sold during the year NIL

INDEPENDENT AUDITORS' REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF

IL&FS INVESTMENT MANAGERS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **IL&FS INVESTMENT MANAGERS LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and jointly controlled entities, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group and its jointly controlled entities as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

Other Matters

We did not audit the financial statements of four subsidiaries and one jointly controlled entity, whose financial statements reflect total assets of Rs.27,475.99 lakhs as at March 31, 2016, total revenues of Rs.15,120.59 lakhs and net cash flows amounting to Rs.4,594.26 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 on the consolidated financial statements, 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 on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and a jointly controlled company incorporated in India, none of the directors of the Group companies and its jointly controlled company incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies and a jointly controlled company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's/ subsidiary company's / jointly controlled company's incorporated in India internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities.
 - (i) The Group and its jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and a jointly controlled company incorporated in India.

For DELOITTE HASKINS & SELLS LLP

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

Kalpesh J. Mehta

Partner
(Membership No. 48791)

Mumbai, May 03, 2016

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **IL&FS INVESTMENT MANAGERS LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiary companies and a jointly controlled company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and a jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies and a jointly controlled company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 03, 2016

CONSOLIDATED BALANCE SHEET

As At 31st March 2016

Amount (₹)

Particulars	Note No	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	628,085,480		628,085,480	
Reserves and Surplus	3	3,338,560,240	3,966,645,720	3,017,323,444	3,645,408,924
Minority Interest			29,830,826		36,338,071
Non-Current Liabilities					
Deferred tax liabilities (net)	4	2,674,941		7,223,292	
Long term provisions	5	73,014,968	75,689,909	63,024,647	70,247,939
Current Liabilities					
Trade payables	28				
(a) Total outstanding dues of micro enterprises and small enterprises		-		-	
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		144,301,631		190,378,669	
Other current liabilities	6	39,987,558		39,677,935	
Short term provisions	7	534,015,904	718,305,093	592,617,131	822,673,735
Total			4,790,471,548		4,574,668,669
ASSETS					
Non-current assets					
Fixed assets (net)	8				
Tangible assets		31,171,635		26,400,735	
Intangible assets		1,305,503,271		1,391,317,028	
Capital work-in-progress		1,037,500		-	
Non Current Investments	9	260,977,369		325,383,546	
Deferred tax assets (net)	4	35,150,112		33,188,324	
Long term Loans and Advances	10	98,766,975		85,511,561	
Other Non Current Assets	11	15,734,894	1,748,341,756	42,489,859	1,904,291,053
Current assets					
Current Investments	12	1,051,238,725		1,112,471,979	
Trade receivables	13	816,122,672		1,017,327,793	
Cash and cash equivalents	14	1,073,278,667		384,324,673	
Short term Loans and Advances	15	98,325,975		146,392,798	
Other Current Assets	16	3,163,753	3,042,129,792	9,860,373	2,670,377,616
Total			4,790,471,548		4,574,668,669

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

Chairman
DIN: 00032812

Chief Executive Officer &
Executive Director
DIN: 00028037

Chief Financial Officer
DIN: 00060698

Company Secretary
DIN: 00030836

Place: Mumbai
Date: May 3, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For The Year Ended March 31, 2016

Amount (₹)

Particulars	Note No	For the year ended March 31, 2016	For the year ended March 31, 2015
Revenue:			
Revenue from operations	18	1,824,809,998	1,909,925,184
Other Operating Income	19	2,945,005	9,536,935
Other Income	20	79,849,009	167,339,879
Total Revenue		1,907,604,012	2,086,801,998
Expenses:			
Employee benefit expense	21	515,016,620	523,758,680
Depreciation and amortisation expense	8	204,295,497	192,533,663
Other Administrative and Operating expenses	22	440,605,877	405,438,106
Total Expenses		1,159,917,994	1,121,730,449
Profit before tax		747,686,018	965,071,549
Tax expense:			
- Current tax		193,812,735	241,228,634
- Short Provision for tax relating to prior years		(361,178)	11,459,690
- Deferred tax	4	(6,876,542)	(18,547,935)
Profit after tax before Minority Interest		561,111,003	730,931,160
Less: Share of Profit attributable to Minority Interest		(262,873)	(670,325)
Group Profit for the year (attributable to Shareholders of the Company)		560,848,130	730,260,835
Earning per equity share: (Not annualised)	26		
(Equity shares of Face value ₹ 2/- each)			
- Basic		1.79	2.33
- Diluted		1.79	2.33

The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

Chairman
DIN: 00032812

Chief Executive Officer &
Executive Director
DIN: 00028037

Chief Financial Officer
DIN: 00060698

Company Secretary
DIN: 00030836

Place: Mumbai
Date: May 3, 2016

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended 31st March, 2016

Amount (₹)

			For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(A)	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX		747,686,018	965,071,549
	Adjustments for:			
	Depreciation and Amortisation		204,295,497	192,533,663
	Bad Debts/ Advances written off		33,689,676	1,143,940
	Provision for Doubtful trade receivables		(846,528)	41,303,615
	Net Unrealised Exchange Loss/(Gain)		10,819,993	8,929,102
	Net Provision for Employee Benefits		6,590,419	34,040,012
	Provision for Diminution in value of Non-current Investment		16,000,000	-
	Interest Income		(7,081,307)	(17,746,141)
	Dividend Income		(55,208,808)	(33,075,445)
	Net Profit on Sale of Investments		(2,945,005)	(9,536,935)
	Net (Profit)/ Loss on Sale of Fixed Assets		(69,760)	(641,011)
	Operating Profit before working capital changes		952,930,195	1,113,942,325
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Trade Receivables		216,697,785	153,595,168
	Short Term Loans & Advances		7,730,459	21,872,735
	Long Term Loans & Advances		1,756,075	1,021,743
	Other Current Assets		861,016	(242,031)
	Other Non-current Assets		28,910,274	27,005,040
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade Payables		(63,024,776)	(37,701,874)
	Other Current Liabilities		(4,569,428)	(26,283,135)
	Other Non-current Liabilities		(6,770,118)	-
	Short Term Provisions		(189,654)	(590,587)
	Long Term Provisions		346,870	118,431
	Cash Flow after Working Capital Changes		1,134,679,298	1,252,737,815
	Payment of Taxes (Net)		(214,221,633)	(264,224,868)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	A	920,457,665	988,512,947
(B)	CASH FLOW FROM INVESTING ACTIVITIES			
	Capital Expenditure on Fixed Assets		(16,324,813)	(11,387,509)
	Proceeds from sale of Fixed Assets		1,402,604	1,345,442
	Purchase of Non-current Investments - Others		(137)	(3,000,000)
	Proceeds from sale of Other Non-current Investments		56,383,091	42,438,247
	(Increase)/Decrease in Current Investments (Net)		61,233,254	(669,942,921)
	Dividend Income on Current Investments		55,208,808	33,075,445
	Inter Corporate Deposits		-	(43,239,998)
	Inter Corporate Deposits Refunded		43,239,998	240,000,000
	Interest received		9,388,406	27,004,311
	NET CASH (USED IN)/ GENERATED FROM INVESTING ACTIVITIES	B	210,531,211	(383,706,983)

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended 31st March, 2016

Amount (₹)

			For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(C)	CASH FROM FINANCING ACTIVITIES			
	Issue of Equity Share Capital		-	5,640,000
	Dividend on Equity Share		(408,242,562)	(407,669,750)
	Payment of Dividend Distribution tax		(57,365,361)	(59,416,542)
	NET CASH USED IN FINANCING ACTIVITIES	C	(465,607,923)	(461,446,292)
(D)	NET INCREASE IN CASH AND CASH EQUIVALENTS	(A+B+C)	665,380,953	143,359,672
	Effect Exchange differences on Foreign Currency Translation		18,738,966	6,950,724
	Cash And Cash Equivalents at the beginning of the year as per Balance Sheet (Refer note 14)		356,945,187	206,634,791
	Cash And Cash Equivalent at the end of the year (Refer note 14)		1,041,065,106	356,945,187
	Reconciliation of Cash and cash equivalents with the Balance Sheet :			
	Cash and cash equivalents as per Balance Sheet (Refer note no 14)		1,073,278,667	384,324,673
	Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) :			
	(i) In earmarked accounts (Refer note (i) below)			
	- Unpaid dividend accounts		(32,213,561)	(27,379,486)
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in note 14 *		1,041,065,106	356,945,187
	* Comprises			
	(a) Cash on hand		276,337	201,897
	(b) Cheques on hand		151,170	-
	(c) Balances with banks			
	(i) In current and fixed deposit accounts		1,040,637,599	356,743,290
	(ii) In EEFC accounts		-	-
			1,041,065,106	356,945,187

Notes :

- (i) These earmarked account balances with banks can be utilised only for the specific identified purposes
- (ii) The accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J. Mehta
Partner

Chairman
DIN : 00032812

Chief Executive Officer &
Executive Director
DIN : 00028037

Chief Financial Officer
DIN : 00060698

Company Secretary
DIN : 00030836

Place : Mumbai
Date : May 3, 2016

NOTES Forming part of Consolidated Financial Statements

(1) Significant Accounting Policies

a) Basis of accounting and preparation of Consolidated Financial Statements

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

The CFS of the Group and jointly controlled entities have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the CA 2013"), as applicable. The CFS have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the CFS are consistent with those followed in previous year

b) Use of Estimates

The preparation of the CFS in conformity with Indian GAAP 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

c) Principles of consolidation

The financial statements of the subsidiary companies and jointly controlled entities 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 period. The resulting exchange difference is accumulated in the foreign currency translation reserve until the disposal of the net investment
- ii) The financial statements 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 at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit/loss for the period of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company

NOTES Forming part of Consolidated Financial Statements

- d) The CFS 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, 2016 (₹)	Percentage of Voting power As at March 31, 2016	Amount of Investment As at March 31, 2015 (₹)	Percentage of Voting power As at March 31, 2015
Subsidiaries					
IL&FS Asian Infrastructure Managers Limited	India	23,418,370	51	23,418,370	51
IL&FS Urban Infrastructure Managers Limited	India	10,000,000	100	10,000,000	100
IL&FS Investment Advisors LLC	Mauritius	900,200	100	900,200	100
Saffron Investment Trust (IL&FS Investment Advisors LLC is 100% beneficiary)	Mauritius	-	100	-	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	84,707,823	100
Jointly Controlled Entities					
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

e) **Fixed Assets (Tangible) and Depreciation**

Fixed Assets are carried at cost less accumulated depreciation and impairment losses if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes and any directly attributable expenditure on making the asset ready for its intended use

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	3 to 5
Computers and Data Processing Equipment (including servers & networking)	3 to 5

NOTES Forming part of Consolidated Financial Statements

Category of Asset	Estimated Useful Life (in years)
Office Equipments	3 to 5
Vehicles	4
Asset given to employees	3
Lease hold improvement	Over the lease period

As per the CA 2013, depreciation of fixed assets has to be provided based on estimated useful life as per Schedule II of the CA 2013. However, there are certain categories of assets in whose cases the life of assets have been assessed as under, taking into consideration the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, the past history of replacement, anticipated technological changes etc. Pursuant to the foregoing, it is proposed to continue with the existing policy of accelerated depreciation on following category of assets:

- (i) Mobile Phones and Ipad / Tablets 100% depreciated during the year of capitalisation due to extensive usage and technological obsolescence
- (ii) Vehicles as per the current policy of 4 years as against the useful life of 8 years provided in the CA 2013
- (iii) Furniture and Fixtures as per current policy of 3 to 5 years as against the useful life of 10 years provided in the CA 2013
- (iv) Office Equipment as per current policy of 3 to 5 years as against the useful life of 5 years provided in the CA 2013
- (v) Data Processing Equipment - Servers & Networking as per current policy of 3 to 5 years as against the useful life of 6 years provided in the CA 2013
- (vi) Assets provided to Employees as perquisites would be depreciated over a period of 3 years in line with the rules set in the Employee Hand Book (EHB).
- (vii) Individual assets costing ₹ 5,000 or less in the year of capitalisation shall be depreciated 100% for all the categories of assets

Residual value of all assets is retained at ₹ 1

Assets of the Company and its Indian subsidiaries whose useful life has been completed as at March 31, 2014 are fully depreciated and such depreciation is routed through the Reserves & Surplus Account. All other assets outstanding in the books as at March 31, 2014 are depreciated over the balance useful life

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

f) Intangible Assets and amortisation

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 on a straight line basis over the estimated life of the Fund

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

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

g) 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

h) 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

i) Investments

- i) Investments are recognised at actual cost including costs incidental to acquisition such as brokerage fees and duties
- ii) Investments are classified as non-current or current at the time of acquisition of such investments
- iii) Non current 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

j) Foreign Currency Transactions and Translations

- i) Initial recognition

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) Measurement at the balance sheet date

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) Treatment of exchange differences

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

k) Forward Contract Transactions

- i) The Group enters into forward contracts to hedge its assets and liabilities
- ii) The premium or discount arising at the inception of a Forward Contract is amortised as income or expense over the life of such Contract
- iii) At the reporting date, Forward contracts are revalued and gains/losses if any, are recognised in the Statement of Profit and Loss
- iv) Any profit or loss arising on cancellation or renewal of such a forward contract is recognised as income or expense in the period in which such cancellation or renewal is made

l) Revenue Recognition

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

m) Employee Benefits

- i) The Company's contribution to provident fund, superannuation fund 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) Incremental liability of gratuity, based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss. Certain 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
- iii) The leave balance is classified as short term and long term based on the leave policy. 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

n) Placement Fees Expense

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

o) 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 at the applicable tax rates 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 is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets

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

The Group and its jointly controlled entities offsets deferred tax assets and liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and is relate to taxes on income levied by the same governing taxation laws

p) 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 (excluding retirement benefits) are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. 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

q) 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 and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

r) Earnings Per Share (EPS)

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 period. 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 period, unless issued at a later date

s) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / recognise the credits

(2) Share Capital :

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

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Authorised Share Capital		
325,000,000 Equity shares of ₹ 2/- each	650,000,000	650,000,000
(Previous Year 325,000,000 Equity shares of ₹ 2/- each)		
Issued, Subscribed and Fully Paid-up Capital		
314,032,740 Equity shares of ₹ 2/-each (As at March 31, 2015: 314,032,740 Equity shares of ₹ 2/- each) with voting rights	628,065,480	628,065,480
Add : Forfeited shares	20,000	20,000
	628,085,480	628,085,480

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
At the beginning of the year	314,032,740	628,065,480	313,592,115	627,184,230
Add: Allotment made towards Employee Stock Option Plan [ESOP] shares exercised	-	-	440,625	881,250
At the end of the year	314,032,740	628,065,480	314,032,740	628,065,480

NOTES Forming part of Consolidated Financial Statements

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Infrastructure Leasing & Financial Services Limited, the Holding Company	158,333,152	50.42	158,333,152	50.42

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

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

- e) Number 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 (₹)
2015-16	-	-	-
2014-15	-	-	-
2013-14	2	104,530,705	209,061,410
2012-13	-	-	-
2011-12	-	-	-

- f) 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/-

- g) Shares reserved for issue under Options :

- i) 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

- ii) 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

NOTES Forming part of Consolidated Financial Statements

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

	ESOP 2006	
Particulars	No of Options	Weighted Average Exercise Price(₹)
Authorised to be Granted	16,875,000	-

- iv) 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
- v) 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
- vi) No Options were granted during the year ended March 31, 2016 (Previous year Nil)

(3) Reserves and Surplus :

The movement in Reserves and Surplus are as under :

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Securities Premium Account		
Balance as per previous Balance Sheet	4,758,750	-
Add: Premium on ESOP shares issued during the year	-	4,758,750
Balance at the end of the year	4,758,750	4,758,750
General Reserve		
Balance as per previous Balance Sheet	315,657,591	258,657,591
Add: Appropriation from Statement of Profit and Loss	-	57,000,000
Balance at the end of theyear	315,657,591	315,657,591
Capital Reserve on Consolidation		
Balance as per previous Balance Sheet	49,169,392	49,169,392
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	2,159,923,415	1,951,202,525
Add: Profit for the year	560,848,130	730,260,835
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Refer Note 8)	-	(306,856)
Less: Appropriation for Dividend	(376,839,288)	(408,242,562)
Less: Appropriation for Dividend tax	(35,785,758)	(55,990,527)
Less: Transfer to General Reserve	-	(57,000,000)
Balance at the end of the year	2,308,146,499	2,159,923,415

NOTES Forming part of Consolidated Financial Statements

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Foreign Currency Translation Reserve		
Balance as per previous Balance Sheet	487,814,296	377,168,998
Add: Addition	173,013,712	110,645,298
Balance at the end of the year	660,828,008	487,814,296
	3,338,560,240	3,017,323,444

The Company had proposed dividend for the year ended March 31, 2016, on Equity Shares @ ₹ 1.20/- per share aggregating ₹ 399,949,537/- inclusive of dividend distribution tax of ₹ 23,110,249/-

(4) Deferred Tax Asset and Deferred Tax Liability :

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, 2016 the timing difference has resulted in a net deferred tax credit of ₹ 6,876,542/- (Previous year net deferred tax credit of ₹ 18,547,935)
- The deferred tax asset recognised in the accounts as of March 31, 2016 is as follows:

Nature of Timing Differences	As at March 31, 2015 (₹)	Adjusted during the year (₹)	As at March 31, 2016 (₹)
Net Depreciation	7,985,775	(894,299)	7,091,476
Employee Benefits	11,663,208	1,370,421	13,033,629
Provision for Bad debts	13,400,958	600,431	14,001,389
Provision towards distribution of Carry Income	-	821,600	821,600
Others	138,383	63,635	202,018
Total	33,188,324	1,961,788	35,150,112
Previous year (April 1, 2014 to March 31, 2015)	19,231,252	13,957,072	33,188,324

- The deferred tax liability recognised in the accounts as of March 31, 2016 is as follows :

Nature of Timing Differences	As at March 31, 2015 (₹)	Adjusted during the year (₹)	As at March 31, 2016 (₹)
Placement Fees	(2,740,457)	4,914,754	2,174,297
Others *	(4,482,835)	(366,403)	(4,849,238)
Total	(7,223,292)	4,548,351	(2,674,941)
Previous year (April 1, 2014 to March 31, 2015)	(11,448,021)	4,224,729	(7,223,292)

* The amount of ₹ 366,403/- (Previous year ₹ 366,134/-) is on account of Foreign Exchange Fluctuation adjusted in Foreign Currency Translation Reserves under the head 'Reserves and Surplus'

(5) 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, 2016 (₹)	As at March 31, 2015 (₹)
Provision for Employee benefits :		
For compensated absences benefits	22,354,261	22,193,477
For gratuity	50,195,406	40,712,739
Provision Others :		
Deferred Rent	465,301	118,431
	73,014,968	63,024,647

- 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) in connection with the Company and its Indian subsidiaries and jointly controlled entities (The Indian group companies) is provided below:

- (i) Defined-Contribution Plans :

The Indian group companies has recognised ₹ 14,010,766/- (Previous year ₹ 14,442,444/-) as expense in the Statement of Profit and Loss under Group's Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner and ₹ 4,759,063/- (Previous year ₹ 4,416,470/-) as Group's contribution to Superannuation Fund maintained with Life Insurance Corporation of India

- (ii) Defined-Benefit Plans :

The Indian group companies 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 :

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
I. Assumptions		
Discount Rate	7.86%- 8.07%	7.94% - 8.25%
Rate of Return on Plan Assets	7.86%-8.5%	7.95% - 9.00%
Salary Escalation	6.50%	6.50%
Attrition Rate	2%-3%	2%-3%
Mortality Table	Indian Assured Lives mortality (2006-2008) Ultimate	Indian Assured Lives mortality (2006-2008) Ultimate
II. Tables Showing Change in Benefit Obligation		
	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Liability at the beginning of the year	95,064,170	82,329,596
Interest Cost	7,553,598	7,617,182
Current Service Cost	9,067,345	7,980,065
Liability Transfer In	651,950	105,356

NOTES Forming part of Consolidated Financial Statements

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Benefit Paid	(7,206,350)	(8,785,875)
Actuarial (gain)/loss on obligations	(5,190,953)	5,817,846
Liability at the end of the year	99,939,760	95,064,170
III. Table of Fair Value of Planned Assets	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Fair Value of Plan Assets at the beginning of the year	101,530,850	97,444,562
Expected Return on Plan Assets	8,070,680	8,486,184
Contributions	1,464,073	3,549,567
Transfer from other Company	-	105,356
Benefit Paid	(7,062,484)	(7,778,789)
Actuarial gain/(loss) on Plan Assets	607,578	(276,030)
Fair Value of Plan Assets at the end of the year	104,610,697	101,530,850
Total Actuarial Gain/(Loss) to be recognised	5,798,531	(6,093,876)
IV. Actual Return on Planned Assets	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Expected Return on Plan Assets	8,070,680	8,486,184
Actuarial gain/(loss) on Plan Assets	607,578	(276,030)
Actual Return on Plan Assets	8,678,258	8,210,154

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
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V. Amount Recognised in the Balance Sheet:

Liability at the end of the year	99,939,760	95,064,170	82,329,596	74,638,392	69,070,807
Fair Value of Plan Assets at the end of the year	104,610,697	101,530,850	97,444,562	80,591,618	69,511,030
Difference	(4,670,937)	(6,466,680)	(15,114,966)	(5,953,225)	(440,223)
Unrecognised Past Service Cost	-	-	-	-	-
Amount Recognised in the Balance Sheet	(4,670,937)	(6,466,680)	(15,114,966)	(5,953,225)	(440,223)

NOTES Forming part of Consolidated Financial Statements

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
VI. Expenses Recognised in the Statement of Profit and Loss :		
Current Service Cost	9,067,345	7,980,065
Interest Cost	7,553,598	7,617,182
Expected Return on Plan Assets	(8,070,680)	(8,486,184)
Net Actuarial (Gain)/Loss To be Recognised	(5,798,531)	6,093,876
Expense Recognised in Statement of Profit and Loss	2,751,732	13,204,939
VII. Balance Sheet Reconciliation :		
	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Opening Net Liability/(Asset)	(6,466,680)	(15,114,965)
Expense as above	2,751,732	13,204,938
Liability Transfer In	651,950	-
Benefits Paid	(143,866)	(1,007,086)
Employers Contribution	(1,464,073)	(3,549,567)
Amount Recognised in Balance Sheet	(4,670,937)	(6,466,680)
VIII. Description of Plan Assets :		
Insurer Managed Funds	100%	100%

IX. Experience Adjustments :

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)	As at March 31, 2012 (₹)
Experience adjustments on plan liabilities gain/(loss)	(5,386,493)	4,712,156	4,072,380	1,118,740	12,825,806
Experience adjustments on plan assets gain/(loss)	607,578	(276,030)	(99,463)	45,116	1,112,106

Other Details :

The employer's best estimate of the contributions expected to be paid to the plan during the next 12 month ₹ 400,900/- (Previous year ₹ 202,765/-)

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

(6) Other Current liabilities :

a) Other Current Liabilities consists of :

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Unclaimed Dividend	32,213,561	27,379,486
Statutory Payments	6,076,278	10,785,298
Other Liabilities	1,697,719	1,513,151
	39,987,558	39,677,935

b) Other Liabilities pertains to amount payable to Provident Fund, Profession Tax and Income received in advance

c) Unclaimed Dividend of ₹ 32,213,561/- relates to the year from FY 2008-2009 to FY 2014-2015. During the year ended March 31, 2016 an amount of ₹ 1,852,834/- (Previous year: ₹ 1,414,260/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2008

(7) 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, 2016 (₹)	As at March 31, 2015 (₹)
Provision for employee benefits :		
For compensated absences	23,302,359	16,977,160
For Gratuity	282,143	461,297
Provision for Performance Related Pay	55,827,164	64,129,091
Provision towards distribution of carry income	2,485,773	-
Provision Others:		
Deferred Rent	118,431	308,085
Provision for Taxation (Net)	40,863,446	46,622,033
Provision for Dividend	376,839,288	408,242,562
Provision for Dividend Tax	34,297,300	55,876,903
	534,015,904	592,617,131

NOTES Forming part of Consolidated Financial Statements

(8) Fixed Assets:

Tangible and Intangible Assets :

Current Year

Amount (₹)

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK	
	As on 1.04.2015	Additions	Deductions/ Adjustments*	As at 31.03.2016	As at 1.04.2015	For the Year	Deductions/ Adjustments*	Up to 31.03.2016
Tangible Assets : (Owned assets)								
Freehold Building	21,305,533	-	1,288,580	22,594,113	6,043,635	1,482,235	385,258	7,911,128
Furniture and Fixtures	11,378,391	1,099,431	(2,395,702)	10,082,120	10,282,025	714,605	(2,140,989)	8,855,641
Vehicles	17,453,690	9,898,585	(515,728)	26,836,547	14,389,881	2,689,932	309,209	17,389,022
Office Equipments	11,242,309	1,968,242	(1,506,309)	11,704,242	9,262,428	2,047,997	(1,516,503)	9,793,922
Data Processing Equipments	14,301,008	1,956,146	(1,404,426)	14,852,728	9,872,006	2,466,091	(1,223,046)	11,115,051
Lease Improvements	21,247,381	-	613,873	21,861,254	20,677,602	403,130	613,873	21,694,605
Total (A)	96,928,312	14,922,404	(3,919,712)	107,931,004	70,527,577	9,803,990	(3,572,198)	76,759,369
Intangible Assets (Other than internally generated) :								
Computer Software	7,832,271	367,730	-	8,200,001	7,497,974	376,434	-	7,874,408
Business Know-how, Management and Advisory Contracts ¹	2,239,228,212	-	161,609,045	2,400,837,257	848,245,481	194,115,073	53,299,025	1,095,659,579
Placement Fees ²	838,545,414	-	(838,545,414)	-	838,545,414	-	(838,545,414)	-
Total (B)	3,085,605,897	367,730	(676,936,369)	2,409,037,258	1,694,288,869	194,491,507	(785,246,389)	1,103,533,987
Capital Work in Progress (C)	-	-	-	-	-	-	-	-
Total (A+B+C)	3,182,534,209	15,290,134	(680,856,081)	2,516,968,262	1,764,816,446	204,295,497	(788,818,587)	1,180,293,356
								1,337,712,406

*Adjustments include movement due to foreign exchange fluctuations

Note no 1: A sum of ₹ 2,400,837,257 (Previous year : ₹2,239,228,212/- gross block) represents the amount recognised as intangibles in subsidiary financials being the fair value of the management and advisory contracts acquired by the Company in respect of K2 Property Limited (K2) and Saffron India Real Estate Fund – I (SIREF I), pursuant to the amalgamation with Saffron Capital Advisors Limited ("SCAL") and Saffron Capital Securities Limited ("SCSL") with the Company

The intangible assets are amortised over the remaining estimated useful life of such contracts. The useful lives of the management and advisory contracts of K2 and SIREF I had initially been estimated at 16 years and 8 years respectively on the basis of the life of the funds which are limited life entities. Due to divestment of K2 planned in the short term, Yatra Capital Limited is scheduled launch a new fund in FY 2016-17 to replace K2. The recoverable amount of the intangible assets is dependent on the successful launch of the new fund. The directors believe that the targeted capital to be raised by the new funds will be achievable and future economic benefits will accrue to the Company based on steps taken by the Management towards appointment of appropriate multiple placement agencies and legal counsel and formation of the structures in raising new funds. On the basis that the Company will continue to earn management fee income from the new funds in addition to the management fee income from K2 and SIREF I, the management has determined that the carrying value of the intangible assets is fully recoverable and therefore no impairment of the intangible assets is required following the proposed divestment of K2

Note no 2: Placement fees has been completely amortised and thus the amount of asset disclosed in the Fixed Asset schedule has been written back against the provision for depreciation in the books

NOTES Forming part of Consolidated Financial Statements

Previous Year: April 1, 2014 to March 31, 2015

Amount (₹)

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION AMORTISATION					NET BLOCK	
	As on 1.04.2014	Additions	Deductions/ Adjustments*	As at 31.03.2015	As at 1.04.2014	For the Year	Deductions/ Adjustments*	Transitional adjustment recorded against Surplus balance in Statement of Profit and Loss ³	Up to 31.03.2015	As at 31.03.2015
Tangible Assets : (Owned Assets)										
Freehold Building	20,459,859	-	845,674	21,305,533	4,439,931	1,387,489	216,215	-	6,043,635	15,261,898
Furniture and Fixtures	11,872,612	1,211,645	(1,705,866)	11,378,391	8,636,906	2,741,864	(1,403,601)	306,856	10,282,025	1,096,366
Vehicles	14,602,569	2,715,618	135,503	17,453,690	12,604,243	1,514,267	271,371	-	14,389,881	3,063,809
Office Equipments	13,128,005	1,436,500	(3,322,196)	11,242,309	10,106,296	2,293,638	(3,137,506)	-	9,262,428	1,979,881
Data Processing Equipments	13,242,653	3,813,061	(2,754,706)	14,301,008	10,201,657	2,422,285	(2,751,935)	-	9,872,006	4,429,002
Lease Improvements	22,366,522	-	(1,119,141)	21,247,381	21,393,612	403,130	(1,119,140)	-	20,677,602	569,779
Total (A)	95,672,220	9,176,824	(7,920,732)	96,928,312	67,382,645	10,762,673	(7,924,596)	306,856	70,527,577	26,400,735
Intangible Assets (Other than internally generated) :										
Goodwill on amalgamation	18,402,681	-	(18,402,681)	-	18,402,681	-	(18,402,681)	-	-	-
Computer Software	7,804,388	27,883	-	7,832,271	7,049,376	448,598	-	-	7,497,974	334,297
Business Know-how, Management and Advisory Contracts*	2,243,116,536	-	3,888,324	2,239,228,212	751,593,237	181,322,392	(84,670,148)	-	848,245,481	1,390,982,731
Placement Fees	838,545,414	-	-	838,545,414	838,545,414	-	-	-	838,545,414	-
Total (B)	3,107,869,019	27,883	(22,291,005)	3,085,605,897	1,615,590,708	181,770,990	(103,072,829)	-	1,694,288,869	1,391,317,028
Total (A+B)	3,203,541,239	9,204,707	(30,211,737)	3,182,534,209	1,682,973,353	192,533,663	(110,997,425)	306,856	1,764,816,446	1,417,717,763

*Adjustments include movement due to foreign exchange fluctuations

Note no 3: ₹ 306,857/- depreciation on assets whose useful life is completed on March 31, 2014, routed through Reserves and Surplus in terms of transitional provisions of the Schedule II of the CA 2013

Note no 4: Of the Business Know-how, Management and Advisory Contracts a sum of ₹113,099,511/- represents amount capitalised in Group Company in FY 2002 – 03 towards acquisition of management contracts for funds. This has been amortised over a period of 5 years. Since the life of the fund has expired, the amount of asset disclosed in Fixed Assets schedule has been written back against the provision for depreciation in the books.

NOTES Forming part of Consolidated Financial Statements

(9) Non Current Investments :

Non Current Investment consists of:

Particulars	As at March 31, 2016			As at March 31, 2015		
	Face Value	No. of Shares/ Units	Cost (₹)	Face Value	No. of Shares/ Units	Cost (₹)
A - Trade Investments (Unquoted)						
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	66,333	\$ 10	100	62,591
IL&FS India Realty Fund II LLC	\$ 0.01	100,000	66,333	\$ 0.01	100,000	62,591
TARA India Fund III LLC	\$ 1	2	133	\$ 1	2	125
TARA Feeder Fund Limited	\$ 1	2	133	\$ 1	2	125
Tara India Fund IV LLC (Class C Shares)	\$ 1	1	66	\$ 1	1	63
Tara India Fund IV LLC (Class D Shares)	\$ 1	1	66	\$ 1	1	63
Saffron India Real Estate Fund – I (Class A Shares)	\$ 0.01	7,746	51,381,464	\$ 0.01	15,236	94,672,088
Saffron India Real Estate Fund – I (Class C Shares)	\$ 0.01	75,000	49,750	\$ 0.01	75,000	46,943
Saffron India Real Estate Fund – I (Class D Shares)	\$ 0.01	25,000	16,583	\$ 0.01	25,000	15,648
K2 Property Limited (Class C Shares)	\$ 0.01	75,000	49,750	\$ 0.01	75,000	46,943
K2 Property Limited (Class D Shares)	\$ 0.01	25,000	16,583	\$ 0.01	25,000	15,648
India Infrastructure Investments Limited	€ 1	1	66	-	-	-
India Realty Investments Limited	€ 1	1	66	-	-	-
Total (A)			51,729,826			95,005,328

NOTES Forming part of Consolidated Financial Statements

Particulars	As at March 31, 2016			As at March 31, 2015		
	Face Value (₹)	No of Shares/ Units	Cost (₹)	Face Value (₹)	No of Shares/ Units	Cost (₹)
B - Investment in Units of Venture Fund (Fully paid- up) (Unquoted)						
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
Infrastructure Leasing & Financial Services Realty Fund (Class A Units)	100,000	764.00	76,400,288	100,000	803.36	80,336,063
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	68.78	68,777,800	1,000,000	69.97	69,972,700
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	71.72	71,718,046	1,000,000	71.72	71,718,046
TARA India Fund III Trust (Class D Units)	1,000,000	3.10	3,101,409	1,000,000	3.10	3,101,409
TARA India Fund III Domestic Trust	1,000	500	500,000	1,000	500	500,000
Tara India Fund IV Trust- (Class A Units)	1,000,000	3	3,000,000	1,000,000	3	3,000,000
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)			225,247,543			230,378,218
Total (A+B)			276,977,369			325,383,546
Less :Provision for diminution in value of investment			(16,000,000)			-
Aggregate book value of unquoted Investments			260,977,369			325,383,546

NOTES Forming part of Consolidated Financial Statements

(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 :

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Secured, considered good :		
Staff Loan	297,133	1,040,897
Unsecured, considered good:		
Staff Loan	733,181	754,800
Advance Tax (net of provision)	88,427,901	73,416,412
Security Deposits	2,434,345	2,434,820
Prepaid Expenses	6,874,415	7,864,632
	98,766,975	85,511,561

(11) Other Non-Current Assets :

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Unamortised Placement Fees	15,734,894	42,489,859
	15,734,894	42,489,859

(12) Current Investments :

The details of Current Investments are provided below :

Particulars	As at March 31, 2016			As at March 31, 2015		
	Units	Face Value (₹)	Amount in (₹)	Units	Face Value (₹)	Amount in (₹)
Investment in Mutual Funds - Non Trade – Unquoted (lower of cost or fair value)						
Reliance Liquid Fund –Treasury Plan – Institutional Plan- Daily Dividend Reinvestment	36,720	1,000	56,134,949	71,192	1,000	108,833,766
Baroda Pioneer Liquid Fund - Plan A – Daily Dividend	53,255	1,000	53,314,986	50,490	1,000	50,546,224
Birla Sun Life Saving Fund - Daily Dividend- Regular Plan - Reinvestment	456,677	100	45,803,376	277,361	100	27,818,484
Birla Sunlife Cash plus - Daily Dividend –Regular Plan	313,225	100	31,383,543	1,200,583	100	120,292,461
Kotak Liquid Scheme Plan A – Daily Dividend Regular Plan	4,222	1,000	5,162,663	37,220	1,000	45,512,805

NOTES Forming part of Consolidated Financial Statements

Particulars	As at March 31, 2016			As at March 31, 2015		
	Units	Face Value (₹)	Amount in (₹)	Units	Face Value (₹)	Amount in (₹)
ICICI Prudential Flexible Income - Daily Dividend	1,051,769	100	111,209,668	-	-	-
Kotak Low Duration Fund Direct Growth	58,763	1,000	100,000,000	-	-	-
DHFL Pramerica Insta Cash Plus Fund - Daily Dividend - Reinvestment (DWS Insta Cash Plus Fund - Daily Dividend - Reinvestment)	601,451	100	60,327,977	142,476	100	14,290,899
ICICI Prudential Liquid -Regular Plan - Daily Dividend	693,904	100	69,434,576	558,659	100	55,901,381
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend	1,034,166	100	103,550,561	504,746	100	50,539,918
Franklin India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	-	-	-	46,453	100	46,486,339
Sundaram Money Fund Regular Daily Dividend Reinvestment	-	-	-	3,005,656	10	30,343,002
Reliance Liquidity Fund – Daily Dividend Reinvestment Option	52,748	1,000	52,775,099	30,328	1,000	30,342,972
Tata Liquid Fund Plan A - Daily Dividend	20,519	1,000	22,868,666	45,353	1,000	50,546,590
LIC Noumura MF Liquid Fund – Daily Dividend Plan	-	-	-	46,033	1,000	50,544,006
Kotak Floater Treasury Advantage Fund - Daily Dividend – Regular Plan	-	-	-	6,204,686	10	62,541,994
Kotak Floater Short Term - Daily Dividend – Regular Plan	92,635	1,000	93,711,787	60,039	1,000	60,736,947
Tata Treasury Manager Fund-Plan A – Daily Dividend	-	-	-	10,160	1,000	10,246,284
HDFC Liquid Fund - Dividend - Daily Reinvestment	52,151	1,000	53,184,792	3,969,006	10	40,476,720
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	-	-	-	4,704,154	10	50,035,267

NOTES Forming part of Consolidated Financial Statements

Particulars	As at March 31, 2016			As at March 31, 2015		
	Units	Face Value (₹)	Amount in (₹)	Units	Face Value (₹)	Amount in (₹)
SBI Premier Liquid Fund - Regular Plan - Daily Dividend	-	-	-	49,855	1,000	50,016,693
Tata Money Market Fund Plan A - Daily Dividend	-	-	-	55,311	1,000	55,394,386
JPMorgan India Liquid Fund - Super Institutional Plan - Daily Dividend	-	-	-	5,039,378	10	50,534,375
Taurus Liquid Fund - Existing Plan - Super Institutional Daily Dividend Reinvestment	35,530	1,000	35,541,640	30,474	1,000	30,481,618
IDFC Cash Fund-Daily Dividend-(Regular Plan)	-	-	-	20,000	1,000	20,008,848
Reliance Medium Fund - Daily Dividend Plan	1,192,641	10	20,389,276	-	-	-
Reliance Money Manager Fund - Daily Dividend Plan	25,367	1,000	25,474,107	-	-	-
DHFL Pramerica Ultra Short Term Fund - Daily Dividend - Reinvestment (DWS Ultra Short Term Fund - Daily Dividend - Reinvestment)	11,074,620	10	110,971,059	-	-	-
Total Current Investments			1,051,238,725			1,112,471,979

(13) 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, 2016 (₹)	As at March 31, 2015 (₹)
Secured, considered good : (outstanding for more than 6 months from the date they are due for payment)	44,042,598	27,659,670
Secured, doubtful : (outstanding for more than 6 months from the date they are due for payment)	34,528,786	28,240,778
Less: Provision for doubtful trade receivables	(34,528,786)	(28,240,778)
Secured, considered good : (outstanding for less than 6 months from the date they are due for payment)	45,121,437	42,371,237

NOTES Forming part of Consolidated Financial Statements

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Secured, doubtful : (outstanding for less than 6 months from the date they are due for payment)	5,066,565	13,062,837
Less: Provision for doubtful trade receivables	(5,066,565)	(13,062,837)
Unsecured , considered good : (outstanding for more than 6 months from the date they are due for payment)	404,528,177	576,392,029
Unsecured , considered good : (outstanding for less than 6 months from the date they are due for payment)	322,430,460	370,904,857
	816,122,672	1,017,327,793

(14) Cash and Cash Equivalents:

Cash and Cash Equivalents consists of :

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
a) Cash on hand	276,337	201,897
b) Cheques in hand	151,170	-
c) Balance with Banks		
i) in Current Accounts	684,993,489	313,157,433
ii) in Fixed Deposit Accounts	355,644,110	43,585,857
iii) in earmarked Accounts -		
» in Current Accounts referring to unclaimed dividend accounts	32,213,561	27,379,486
	1,073,278,667	384,324,673

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 , Balances with bank in Current account and Fixed Deposits amounting to ₹ 1,041,065,106/- (Previous year ₹ 356,945,187/)

NOTES Forming part of Consolidated Financial Statements

(15) Short Term Loans and Advances :

- a) 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, 2016 (₹)	As at March 31, 2015 (₹)
Secured, considered good :		
Staff Loan	84,282	160,898
Unsecured, considered good :		
Staff Loan	231,953	213,437
Inter Corporate Deposits given to Related Parties	-	43,239,998
Security Deposit	1,778,098	1,319,939
Prepaid Expenses	24,276,190	26,706,629
Advances Recoverable in cash or in kind	56,157,903	66,480,408
Service Tax Credit Available	9,520,196	2,688,238
Contractually Re-imbursable expenses :		
outstanding for more than 6 months from the date they are due for payment	3,446,705	1,633,890
Doubtful	861,736	-
Less: Provision for advances	(861,736)	-
outstanding for less than 6 months from the date they are due for payment	2,830,648	3,949,361
	98,325,975	146,392,798

- 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
- c) Inter Corporate Deposits given to Related Parties represent the company's short term surplus funds placed with Infrastructure Leasing & Financial Services Limited

As at March 31, 2016 (₹)			As at March 31, 2015 (₹)		
Amount (₹)	Interest rate	Tenor	Amount (₹)	Interest rate	Tenor
-	-	-	43,239,998	9%	368 days

NOTES Forming part of Consolidated Financial Statements

(16) Other Current Assets :

Other Current Assets consists of :

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Interest accrued	2,181,269	4,488,368
Other Recoverables	982,484	1,843,500
Forward Cover Premium	-	2,403,305
Revaluation on derivative contracts	-	1,125,200
	3,163,753	9,860,373

(17) Contingent Liabilities:

Particulars	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)
Claims not acknowledged as debts:		
Income tax demand contested by the Group	100,031,062	83,124,674

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

(18) Revenue from Operations :

Revenue from Operations comprises of :

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Fees from Fund Management and Advisory Services	1,824,809,998	1,909,925,184
	1,824,809,998	1,909,925,184

(19) Other Operating Income :

Other Operating Income comprises of :

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Net gain/loss on sale of investments :		
Profit on sale of non-current trade investments	725,843	509,537
Income from Venture Capital Fund units	2,219,162	9,027,398
	2,945,005	9,536,935

NOTES Forming part of Consolidated Financial Statements

(20) Other Income :

Other Income comprises of :

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Dividend Income From Current non-trade Investments	55,208,808	33,075,445
Profit on sale of current non-trade Investments	-	194,304
Interest Income on		
- Fixed Deposits with Banks	6,617,264	4,794,885
- Other Deposits / Loans	464,043	12,951,256
Profit on sale of Fixed Asset	69,760	641,011
Foreign Exchange Gain	-	43,664,028
Interest on Income Tax refund	16,188	5,116,987
Reversal of excess Performance Related Pay Provision	15,114,325	46,036,545
Miscellaneous Income	2,358,621	20,865,418
	79,849,009	167,339,879

(21) Employee Benefit Expense :

Employee Benefit Expenses include:

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Salaries and Allowances	477,101,562	489,132,010
Staff Deputation cost	11,076,250	13,845,285
Gratuity Expense (Unfunded)	7,766,078	8,451,272
Contribution to Provident Fund and Other Funds	21,831,902	31,482,605
Staff Training and Welfare Expenses	5,500,020	4,547,508
Less: Recovery of deputation cost	(8,259,192)	(23,700,000)
	515,016,620	523,758,680

NOTES Forming part of Consolidated Financial Statements

(22) Other Administrative and Operating Expenses:

a) Other Administrative and Operating Expenses consists of :

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Rent	56,448,119	58,835,635
Repairs and Maintenance	8,847,804	6,586,360
Insurance	9,049,651	6,507,580
Rates and Taxes	4,431,523	2,683,566
Legal and Professional Expenses	162,793,169	116,051,112
Advisory Fees	28,778,564	46,995,196
Electricity and Water Charges	1,745,592	1,960,343
Travelling and Conveyance	35,859,330	44,680,030
Postage and Telecommunication	5,038,494	5,252,179
Printing and Stationery	2,620,746	2,767,418
Provision for Doubtful trade receivables and advances	(846,528)	41,303,615
Provision for Diminution in value of Investments	16,000,000	-
Debts/Advances Written Off	33,689,676	1,143,940
Brand Subscription Fees	16,935,910	18,205,970
Expenditure on Corporate Social Responsibility	11,590,088	4,556,679
Miscellaneous Expenses	44,090,377	47,908,483
Foreign Exchange Loss	3,533,362	-
	440,605,877	405,438,106

b) Miscellaneous Expenses includes commission to non-whole time directors, advertisement expenses, service promotion expenses, postage and telecommunication, printing and stationery, subscription to clubs/association, general office expenses, director's sitting fees, conference and seminar and books and periodicals

(23) 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 period is as follows:

Future Lease rentals	March 31, 2016 (₹)	March 31, 2015 (₹)
Not later than one year	5,421,882	9,907,089
Later than one year but not later than 5 years	977,604	7,573,053
Later than 5 years	-	-

NOTES Forming part of Consolidated Financial Statements

Particulars	For the year ended March 31, 2016 (₹)	For the year ended March 31, 2015 (₹)
Amount charged to the Statement of Profit and Loss (on non- cancellable lease)	6,162,334	11,053,290

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

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

(25) Derivatives and foreign currency Exposures :

i) The Group has following forward exchange contracts outstanding :

Particulars	As at March 31, 2016	As at March 31, 2015
Number of Contracts	-	3
Notional amount (Sell)	-	\$ 4,500,000
Notional amount (Buy)	-	₹ 290,306,250

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, 2016	As at March 31, 2015
Receivables	\$ 308,040	\$ 344,173
Amount in ₹	20,433,131	21,542,083

(26) Earnings 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 period as under :

Particulars	March 31, 2016	March 31, 2015
Profit After Tax (₹)	560,848,130	730,260,835
Weighted Average Number of Equity Shares in calculating Basic EPS	314,032,740	313,821,481
Add: Potential Equity Shares on conversion of ESOPs outstanding during the year (weighted average from date of grant for options issued during the year)	-	69,694
Weighted Average Number of Equity Shares in calculating Diluted EPS	314,032,740	313,891,175
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	1.79	2.33
(iii) Diluted Earnings per share (₹)	1.79	2.33

NOTES Forming part of Consolidated Financial Statements

(27) 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 ended March 31, 2016) and Description of Relationship :

Sr No	Holding Company
1	Infrastructure Leasing & Financial Services Limited [IL&FS]
Sr No	Fellow Subsidiaries*
1	IL&FS Education & Technology Services Limited [IETS]
2	IL&FS Financial Services Limited [IFIN]
3	IL&FS Securities Services Limited [ISSL]
4	IFIN Realty Trust [IFINRT]
5	IL&FS IIDC Fund [IIDC Fund]
6	IL&FS Infrastructure Equity Fund – 1 [IIEF-1]
7	IL&FS Trust Company Limited [ITCL]
8	Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited [IWMUSCL]
9	IL&FS Environnemental Infrastructure & Service Limited [IEISL]
10	Vansh Nimay Infraproject Private Limited [VNIPL]
11	IL&FS Maritime International FZE [IMIFZE]
12	East Delhi Waste Processing Company Private Limited [EDWPC]
13	IL&FS Prime Terminals FZE
14	IL&FS Energy Development Company Limited [IEDCL]
15	Gujarat International Finance Tec-city Co Limited [GIFT]
16	Livia India Limited [Livia]
17	IL&FS Renewable Energy Limited [IREL]
18	IL&FS Engineering & Construction Co. Ltd.
19	IL&FS Global FinancialService (ME) Limited
20	RDF Power Projects Limited (from June 23, 2014) [RDFPPL]
21	IL&FS Global Pte Limited
22	IL&FS Technologies Limited [ITL]
23	IL&FS Infra Asset Management Limited [IL&FS Infra]
24	ISSL CPG BPO Private Limited [ISSLCPG]
25	IL&FS Academy of Applied Development [IAAD]
Sr No	Key Managerial Personnel
1	Mr R C Bawa [Managing Director] (from May 4, 2015)
2	Dr Archana Hingorani [CEO & Executive Director]
3	Mr Manoj Borkar [Chief Financial Officer]
4	Mr Sanjay Mitra [Company Secretary]

NOTES Forming part of Consolidated Financial Statements

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

b) The nature and volume of transactions during the year ended March 31, 2016, with the above related parties were as follows:

Nature of Transactions	Holding Company	Fellow Subsidiary	Key Management personnel
Advisory Fee Income			
EDWPC	-	10,477,022	-
IFINRT	-	12,406,552	-
IEISL	-	7,711,310	-
IIEF-1	-	26,727,885	-
IIDC Fund	-	700,000	-
RDFPPL	-	11,580,649	-
VNIPL	-	358,370	-
IMIFZE	-	6,208,331	-
IL & FS Global Financial Service (ME) Limited	-	4,994,289	-
IL&FS Global Pte Limited	-	116,193,387	-
Interest Income			
IL&FS	362,505	-	-
Repayment of Term Deposits			
IL&FS	43,239,998	-	-
Rent paid			
IL&FS	37,482,107	-	-
IFIN	-	1,318,834	-
Repairs & Maintenance			
IL&FS	1,584,075	-	-
ITL	-	1,046,640	-
Livia	-	4,083,408	-
Electricity Charges			
IL&FS	853,501	-	-
Brand subscription fees			
IL&FS	16,735,910	-	-

NOTES Forming part of Consolidated Financial Statements

Nature of Transactions	Holding Company	Fellow Subsidiary	Key Management personnel
Staff Deputation Cost			
IFIN	-	8,922,334	-
Legal and Professional Expenses			
IEISL	-	200,000	-
IFIN	-	1,500,000	-
ITCL	-	375,000	-
Livia	-	44,128	-
ISSL CPG	-	33,375	-
Transfer of assets			
IL&FS	87,192	-	-
Other Expenses			
IL&FS	1,848,848	-	-
IAAD	-	40,520	-
IETS	-	200,000	-
ISSL	-	10,571	-
ITCL	-	15,891	-
IL&FS Infra	-	(55,746)	-
IFSL	-	459,404	-
ITCL	-	(3,121,744)	-
Other Reimbursement (Paid) / Recovered			
EDWPC	-	11,053	-
IETS	-	30,006	-
IEDCL	-	30,006	-
IEISL	-	34,918	-
IFIN	-	(1,915,759)	-
RDF	-	124,835	-
VNIPL	-	20,386	-
IL&FS	570,456	-	-
Managerial Remuneration			
R C Bawa	-	-	4,949,574
Dr Archana Hingorani	-	-	24,574,575
Mr Manoj Borkar	-	-	20,934,071
Mr Sanjay Mitra	-	-	9,407,453

NOTES Forming part of Consolidated Financial Statements

c) The nature and volume of transactions during the year ended March 31, 2015 with the above related parties were as follows :

Nature of Transactions	Holding Company	Fellow Subsidiary	Key Management personnel
Advisory Fee Income			
EDWPC	-	11,714,607	-
GIFT	-	4,177,600	-
IFINRT	-	15,914,153	-
IEISL	-	7,290,225	-
IIEF-1	-	25,341,330	-
IIDC Fund	-	1,000,000	-
RDFPPL	-	9,899,647	-
VNIPL	-	1,035,290	-
IMIFZE	-	5,095,020	-
IEDCL	-	10,999,260	-
IL&FS Global Pte Limited	-	67,951,107	-
Interest Income			
IL&FS	12,826,068	-	-
Term Deposit Placed			
IL&FS	43,239,998	-	-
Repayment of Term Deposits			
IL&FS	240,000,000	-	-
Rent paid			
IL&FS	36,769,837	-	-
Repairs & Maintenance			
IL&FS	525,960	-	-
IFIN	-	50,000	-
ITL	-	818,538	-
Livia	-	2,114,364	-
Legal and Professional Fees			
ISSL	-	89,290	-
ITL	-	109,296	-
RDFPPL	-	375,000	-
ITCL	-	425,000	-
Livia	-	742,597	-
Electricity Charges			
IL&FS	1,001,164	-	-

NOTES Forming part of Consolidated Financial Statements

Nature of Transactions	Holding Company	Fellow Subsidiary	Key Management personnel
Brand subscription fees			
IL&FS	17,880,239	-	-
Staff Deputation Cost			
IL&FS	1,250,000	-	-
IFIN	-	13,509,258	-
Other Expenses			
ITCL	-	55,494	-
IAAD	-	44,944	-
ISSL	-	28,200	-
ITCL	-	1,413,901	-
IFIN	-	6,000	-
Other Reimbursement (Paid) / Recovered			
IL&FS	(1,229,403)	-	-
ITCL	-	(846,227)	-
IETS	-	68,656	-
IEDCL	-	76,457	-
Managerial Remuneration			
Dr Archana Hingorani	-	-	28,480,633

d) Statement of significant balances as at March 31, 2016 are as follows:

Nature of Transaction	Holding Company	Fellow Subsidiary
Trade Receivables		
RDFPPL	-	26,178,746
EDWPC	-	16,434,099
IEISL	-	14,375,262
IL&FS Global Pte Limited	-	106,132,574
IFINRT	-	35,435
Maximum Outstanding Inter Corporate Deposits during the year		
IL&FS	43,239,998	-
Short Term Advances		
IEDCL		445,338
IL&FS	1,187,614	-

NOTES Forming part of Consolidated Financial Statements

Trade Payables		
IFIN	-	4,909,255
IL&FS	4,533,954	-
ITCL	-	256,860
IL&FS Infra	-	14,658
IETS	-	209,000
IAAD	-	11,450

e) Statement of significant balances as at March 31, 2015 are as follows:

Nature of Transaction	Holding Company	Fellow Subsidiary
Trade Receivables		
IEDCL	-	466,489
RDFPPL	-	14,774,790
EDWPC	-	5,344,675
IIDC Fund	-	1,023,600
IL&FS Global Pte Limited	-	69,555,466
IEISL	-	8,348,627
Income Received in advance-Creditors		
IFINRT	-	249,647
Maximum Outstanding Inter Corporate Deposits during the year		
IL&FS	43,239,998	-
Short Term Advances		
IEDCL	-	186,145
IL&FS	43,291,374	-
IETS	-	52,656
Other Current Assets		
IL&FS	3,204,972	-
Trade Payables		
IFIN	-	20,378,366
IL&FS	990,700	-
ISSL	-	28,091
ITL	-	45,226
Livia	-	2,834,475
ITCL	-	727,595
Transfer of deposits		
IEISL	-	435,960

NOTES Forming part of Consolidated Financial Statements

- (28) According to the records available with the Company, there are no dues to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act 2006. Hence no disclosures are to be given in respect thereof, This has been provided by the Company and relied upon by the auditors

(29) Joint Venture Disclosure :

The Company has the following Joint Ventures as on March 31, 2016 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%	35,346,710	8,307,477	34,560,571	31,522,108
		(50,314,274)	(9,205,056)	(36,827,536)	(33,164,443)
Standard Chartered IL&FS Management (Singapore) Pte Limited	50%	156,515,032	50,131,090	76,556,495	65,066,010
		(181,267,996)	(74,006,235)	(98,819,602)	(77,074,880)

(Figures in brackets represent figures of previous year)

(30) 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"

(31) CSR expenditure :

- a) Gross amount required to be spent by the Group during the year – ₹14,166,129/-
- b) Amount spent during the year on :

	In cash (₹)	Yet to be paid in cash (₹)	Total (₹)
(i) Construction/acquisition of any asset	–	–	–
(ii) On purposes other than (i) above	11,590,088	-	11,590,088

- (32) At its board meeting dated August 11, 2015, the Company had decided to acquire 86.61% stake of IL&FS Infra Asset Management Ltd and 100% stake of IL&FS AMC Trustee Limited subject to necessary approvals of the Securities and Exchange Board of India which are still awaited
- (33) Figures for previous period/year have been regrouped/reclassified wherever considered necessary to conform to the current year's classification/disclosure
- (34) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule II to the Companies Act, 2013

Name of the entity in the	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit or Loss	
	As % of Consolidated net assets	₹	As % of Consolidated profit or loss	₹
1	2	3	4	5
Parent	26.58%	1,054,317,147	-69.05%	(387,266,808)
Subsidiaries				
Indian				
IL&FS Asian Infrastructure Managers Limited	1.53%	60,879,238	0.80%	4,500,777
IL&FS Urban Infrastructure Managers Limited	4.33%	171,800,779	4.33%	24,278,023
IIML Asset Advisors Limited	0.91%	36,091,904	-12.09%	(67,795,515)
Foreign				
IL&FS Investment Advisors LLC	60.97%	2,418,606,711	178.25%	999,692,791
IIML Advisors LLC	0.01%	581,938	-0.29%	(1,650,602)
Saffron Investment Trust	2.59%	102,540,048	-0.29%	(1,634,816)
IIML Fund Managers Singapore Pte Limited	0.46%	18,235,604	-4.20%	(23,541,795)
Minority Interest in all subsidiaries				
IL&FS Asian Infrastructure Managers Limited	-0.75%	(29,830,826)	-0.05%	(262,873)
Joint Ventures				
(as per proportionate consolidation/ investment as per the equity method)				
Indian				
IL&FS Milestone Realty Advisors Private Limited	0.68%	27,039,235	0.54%	3,038,464
Foreign				
Standard Chartered IL&FS Asset Management Pte Limited	2.68%	106,383,942	2.05%	11,490,484
TOTAL	100%	3,966,645,720	100%	560,848,130

The accompanying Notes are integral part of the Financial Statements

For and on behalf of the Board

Chairman
DIN : 00032812

Chief Executive Officer &
Executive Director
DIN : 00028037

Chief Financial Officer
DIN : 00060698

Company Secretary
DIN : 00030836

Place : Mumbai
Date : May 3, 2016

AGM VENUE ROUTE MAP



Venue of the AGM : Rangaswar Hall, Y B Chavan Centre, General Jagannathrao Bhosale Marg, Opposite Mantralaya, Mumbai 400 021

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

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