



Private Equity

IL&FS Investment Managers Limited



2017

ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr S M Datta
Chairman

Mr Ravi Parthasarathy

Mr Bansi S Mehta

Mr Sunil Mehta

Ms Shubhalakshmi Panse

Mr Hari Sankaran

Mr Vibhav Kapoor

Mr Ramesh Bawa
Managing Director

Mr Milind Patel

CHIEF EXECUTIVE OFFICER

Mr Krishna Kumar Gangadharan

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

JOINT AUDITORS

M/s B S R & Associates LLP
Chartered Accountants

INTERNAL AUDITORS

M/s Patel & Deodhar
Chartered Accountants

SECRETARIAL AUDITORS

M/s Mehta & Mehta
Company Secretaries

REGISTRARS & SHARE TRANSFER AGENTS

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C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083, India
Tel : +91 22 4918 6270 Fax : +91 22 4918 6060

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



S M Datta
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

The past couple of years were challenging for the Indian economy due to general slowdown in world output, systemic bottlenecks hampering domestic growth and subdued level of capital formation. However, consistent efforts by the government to usher in transformational reforms and initiatives has improved confidence. This is reflected in robust FDI inflows, buoyant stock markets, improved ranking in ease of doing business and forecast of India being one of the fastest growing economy in CY2017

CY2016 will be considered as a watershed year in India on account of two path breaking events, namely Demonetization and GST. While these initiatives would lead to a degree of flux in the short term, they are expected to integrate India's large informal sector with the formal economy in the long term. This will generate several beneficial effects such as increased tax to GDP ratio, better efficiencies and enhanced transparency

Despite an uncertain global economic situation and emergence of various geo-political stress points, India's GDP is expected to grow at 7.1% in FY2017 aided by normal monsoons, lower commodity prices, increased public investment and improving exports. However, this is lower than 8% growth achieved in FY 2016. This reduction is largely ascribed to the residual effect of demonetization. In addition, private sector investment continues to be lackluster due to overleveraged balance sheets and cautious lending by banks due to high NPA levels. However, the overall growth indicators are intact and with improved fiscal management and consistent monetary policies the economic environment is expected to be conducive to further growth. The country is expected to grow at 7.1-7.5% in FY2018, which would be amongst the fastest globally

However, the key ingredients to sustained growth would be revival in private investment and increase in consumption demand, which would require further easing of the monetary situation. All inflation indices have moderated over the previous years, which provides scope for interest rate reduction. If these trends continue, interest rates could soften in H2 FY2018, provided food inflation shows a downward bias on account of normal monsoons. Further, the Reserve Bank of India and the Government are aligned in resolving the banking sector stress. This should result in resolution of large NPA accounts and coupled with calibrated recapitalization of banks should act as a major catalyst in reviving the capex cycle

The current domestic scenario provides ample opportunities for Private Equity investment to diversify into areas such as distressed assets, investment trusts, public private partnerships in new sectors, start-ups in e-commerce, digital and telecom space and other niche areas such as education and health. Given the broad spectrum of options available and different risk-return profiles of each avenue, it is an exciting phase for the industry as a whole. Amongst these options, the focus for your Company would be to address the opportunities in the infrastructure space, by leveraging the IL&FS Group's strengths in infrastructure development and financing. Today, opportunities in the infrastructure space span across management of stable, operating assets to investments into new builds, specifically in the renewable power sector, and to addressing the capital need of stranded infrastructure assets

The Company, for the past two years, has been diligently working on developing specific business lines around these themes. These efforts are expected to translate into revenues during the current year. In addition, the Company is striving to complete planned divestments across its three verticals of real estate, infrastructure and growth-private equity. Given the challenging liquidity scenario in Corporate India, some of the divestments expected in CY2017 have got delayed. The Company expects to step up the pace of divestment during the current year, and divest a substantial portion of its portfolio. This would lay the ground for fresh capital raising, largely focused on the infrastructure sector

Dr. Archana Hingorani, who served with distinction for 11 years, has left the Company. I take this opportunity to congratulate Mr. Krishna Kumar Gangadharan on his elevation as the Company's Chief Executive Officer. I believe that all our stakeholders would extend him the same encouragement and co-operation as they have done to his predecessor

With Regards,

S M Datta
Chairman

July 5, 2017



// The current domestic scenario provides ample opportunities for Private Equity investment to diversify into areas such as distressed assets, investment trusts, public private partnerships in new sectors... //



FROM THE OFFICE OF THE MANAGING DIRECTOR

R C Bawa
Managing Director

Dear Shareholders,

The year gone by was largely positive for India. The Indian economy attained an encouraging growth rate. Higher business confidence was supported by reduction in interest rates, increase in foreign direct investments and announcement of major initiatives targeted at increasing public spend. However, at the global level, the first half of FY2017 witnessed 'Brexit', with resulting uncertainty in the European Union, and further increased geo-political tensions in Middle East. The outcome of the US general elections was also unexpected. These developments may impinge on trade policies of developed economies and have the potential for weakening the global trade framework. Within this perspective, and despite the headwinds, India has continued to be amongst the most attractive emerging markets

The Indian Private Equity (PE) space also had a similar set of mixed outcomes, though with a downward bias. The Private Equity fund raising dipped 45% year on year in FY2017 to US\$ 3.5 bn, while the value of transactions dropped 46% year on year to US\$ 11.6 bn. On the positive front, divestments witnessed an increasing trend during FY2017, with US\$ 6.7 bn worth of divestments vis-à-vis US\$ 6.2 bn in FY2016

The PE industry has been undergoing a process of evolution over the last couple of years. This evolution factors in the

learning of the previous business cycle and adapts to the opportunities being thrown up by the current business environment. We believe that interesting themes are beginning to emerge, especially in the Infrastructure space. It is a space that has been our forte and where we have the ability to leverage our Group strength

An excellent example of this synergy is our foray into managing infrastructure investment trusts (InvITs). The focus of institutional players has shifted to acquisition of operational rather than development stage assets and InvITs fully satisfy this requirement. Recognizing this, IIML has partnered with its Group Company, IL&FS Transportation, to establish an InvIT focused on the road sector. Fund raise for this vehicle is underway. InvIT management is a new business line for your Company, which has the potential of being scaled up over time

Likewise, burgeoning non-performing assets, more particularly in the infrastructure, steel and textile sectors, has created space for distressed asset funds. The preference, here too, is for ready assets that require a combination of capital and managerial capability in order to nurse the asset back into being cash generating for its stakeholders. Given the significant infrastructure experience of the IL&FS Group, the focus of your Company in this segment is in addressing the issues faced by stranded infrastructure assets. In this



// We believe that interesting themes are beginning to emerge, especially in the Infrastructure space. It is a space that has been our forte and where we have the ability to leverage our Group strength //

regard, your Company's partnership with Lone State for an infrastructure distressed asset fund, focusing on the power and road sectors, is opportune. Consummation of transactions in this space would necessitate close co-ordination between various arms of the IL&FS Group

While the participation of the private sector in infrastructure development will continue to be meaningful going forward, the government's role and investment in this space will also continue to be significant. It is therefore important to work directly with governments to facilitate infrastructure creation. Our joint venture with the Government of Andhra Pradesh to establish and manage an urban infrastructure fund is a prime example of a unique framework of public private partnership. We believe that this initiative has the potential to play a transformative role in the infrastructure development of Andhra Pradesh

Other initiatives of your Company, such as the IL&FS India Infrastructure Fund and senior debt/mezzanine debt offering of IL&FS Infrastructure Debt Fund, targeted at addressing the equity and debt requirements of infrastructure projects in India are important components for developing our capacity as a 'one stop shop' for infrastructure funding. Furthermore, our initiative to launch a similar infrastructure product in partnership with a large institutional investor in the Middle East targeting the African sub-continent is

also receiving good traction. We believe that we can attain substantial progress in these initiatives during the course of FY2018

A combination of challenges, both industry and portfolio specific, has resulted in reduction of our fee earning Assets under Management. As a result, the financial performance for FY2017 has been below par. It is important that we build on our existing platform as also create new ones in order to re-build and develop a visible growth trajectory. The focus for FY2018 would therefore be to harvest our existing portfolio and also simultaneously focus on new fund raise, including new initiatives which I have outlined above. I am confident that the IIML team will rise to the occasion and deliver tangible results in the coming year

With Regards,

R C Bawa
Managing Director

July 7, 2017

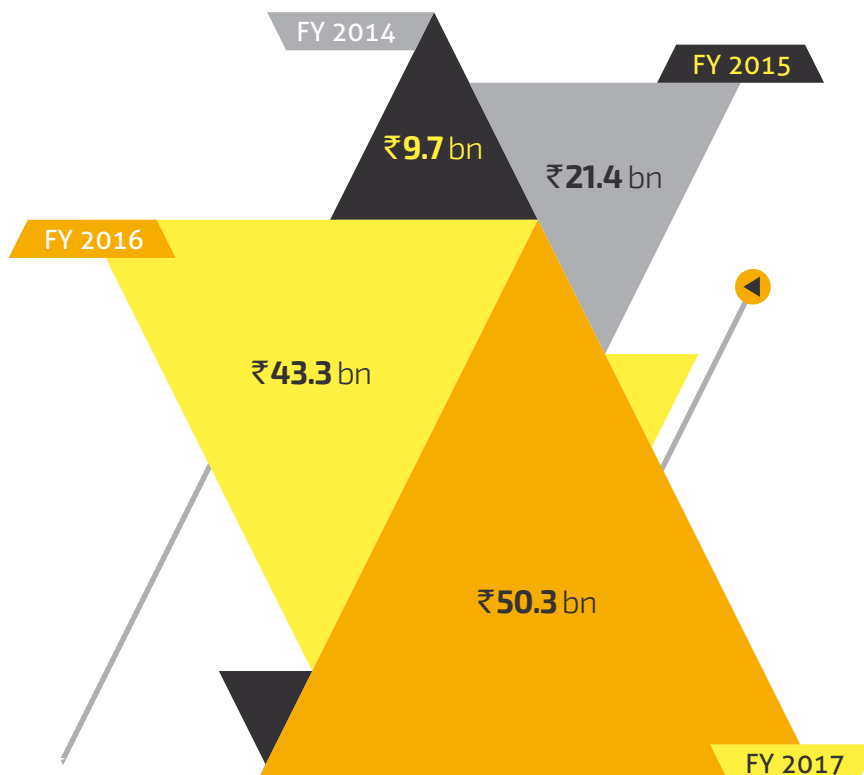
FINANCIAL HIGHLIGHTS

(₹ mn)

Particulars	FY2013	FY2014	FY2015	FY2016	FY2017
Total Income	2,269	2,229	2,087	1,908	1,151
Total Expenses	1,258	1,222	1,122	1,160	1,013
PBT	1,011	1,007	965	748	139
PAT	766	725	730	561	68
PAT(%)	34	33	35	29	5
EPS [*] (INR)	2.5	2.3	2.3	1.8	0.2

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

CUMULATIVE DIVESTMENTS





New Avenues For Growth

The current business environment has thrown up a host of new opportunities, especially in the Infrastructure sector. IIML has sought to capitalize on these by developing new business lines. With significant work completed on this development, IIML can expect to benefit from these themes during the current financial year. The regulatory framework also provides an enabling environment for the Company to develop a sustainable growth portfolio around these categories



Infrastructure Equity Fund

IIML is establishing a US\$ 1 bn infrastructure fund to tap into two distinct opportunity sets. One, a variety of reasons have led to excess leverage in the sector. There is therefore need to recapitalize infrastructure developers so as to enable them to regain the investment appetite. This is specifically the case in sectors like power and roads. Secondly, the economy continues to offer significant growth opportunities, many of which have got a considerable push on account of a positive government action. The waste management sector is interesting on the back of 'Swatch Bharat' policy push. Likewise, logistics investments would pick up pace on the back of a successful GST rollout. IIML intends to target such sectors/ opportunities through this Fund



Infrastructure Investment Trusts (InvIT)

InvIT provides a platform to monetize operational revenue yielding infrastructure assets, especially in the roads and the renewable energy sectors. InvITs provide an ideal platform to developers for recycling capital viz. selling lower risk operational assets and using the sale proceeds to undertake the next round of asset development

The regulatory framework for InvIT offers an attractive opportunity to the Company to act as investment managers to such InvITs. The business model allows the investment manager to earn fees on portfolio monitoring as well as on fresh acquisitions. Unlike closed ended private equity (PE) funds, InvITs are structured to be perpetual products. Hence, income stream for an investment manager of an InvIT has a greater visibility over significantly longer periods of time. Furthermore, income accretion with asset addition leads to a growing income profile, compared to a declining income profile in case of a PE Fund. InvIT management therefore leverages IIML's existing skillsets to create a business model which complements the PE fund management model, thereby strengthening the Company's overall income profile

Expertise developed in InvIT management can also be utilized for managing Real Estate Investment Trusts (REITs), where IIML's existing experience in real estate asset management can be utilized effectively

IIML was appointed as Investment Manager for a road sector InvIT being raised by IL&FS Transportation Networks Limited (ITNL). The ITNL InvIT is expected to be operationalized during the current financial year



Distressed Assets

The current investment environment offers several quality assets, especially in the infrastructure sector, that have been affected either due to overleverage, funding shortfall or management issues. As an outcome, lenders/ banks are seeking to resolve issues in such non-performing assets by sale to investors having the requisite financial and managerial strength. The Reserve Bank of India and the Securities and Exchange Board of India have been supportive of such initiatives. Coupled with legislative changes like the Bankruptcy Code, investments into distressed assets is therefore expected to accelerate

To capitalize on such opportunities, the Company has tied-up with Lonestar, a US based global investor to setup a US\$ 550 mn facility which would invest into distressed assets, with a focus in the roads and thermal power space in India. The facility has already built a strong pipeline of actionable investment opportunities and detailed diligence is ongoing for several assets

Urban Infrastructure Fund



The government has focused on Urban development through several initiatives such as Smart Cities and Clean India Mission. Affordable housing and strengthening urban mass rapid transportation are also key focus areas. This has opened up new vistas for working in collaboration with state governments. The IL&FS Group has, over the years, developed expertise in these focus areas. The GIFT City near Ahmedabad and the Rapid Metro in Gurugram, Haryana are prime examples. Leveraging this Group strength, IIML has entered into a Joint Venture (JV) with the Government of Andhra Pradesh to manage an urban infrastructure fund. The JV will be engaged in fund syndication, investment management and in undertaking techno-commercial appraisals for Urban and Urban local bodies in the State of Andhra Pradesh. Projects to be developed under the JV framework would include Smart Cities, projects in the sewerage and water supply sectors, and other urban such infrastructure projects



Africa Focused Fund

The African continent represents a large growth frontier, hindered largely on account of inadequate infrastructure. The infrastructure investment and asset management expertise of IIML is being leveraged to establish an infrastructure debt fund targeted at the region. In this regard, IIML is working with a large institutional investor in the Middle East to establish a infrastructure debt fund. The Fund will provide long term and mezzanine debt to infrastructure projects across various countries in Africa with a primary focus on transportation and utilities sectors

Infrastructure Debt Fund

IIML integrated a ~US\$ 220 mn infrastructure debt fund into its fold last year. With this acquisition, the Company has the capability to address all segments of the capital stack – debt, mezzanine and equity. IIML will now seek to grow this portfolio by way of additional fund raisings during the course of FY2018



CORPORATE SOCIAL RESPONSIBILITY PROGRAMME

In FY2017, IL&FS Investment Managers (IIML) provided a grant of ₹ 14 mn towards continued support of educational initiatives in and around Mumbai, a pan India Skill Development Programme, and a Livelihood Programme. Additionally, IIML supported 3 new initiatives namely an Entrepreneurship Development Programme, a mentorship programme for high achieving entrepreneurs and an impact study



Skill Development Programme : IIML supported a pan India skill development programme and provided 300-560 hours training to ~100 beneficiaries in the age group of 18-35 years. These include urban poor, women, persons with disabilities (10% of enrolment), disaster/project affected people and those not covered under any government schemes. ~90% of the trained candidates were placed at an average monthly salary of ₹ 7,500



Masoom : Masoom works with 60 night schools across Mumbai to improve the quality of education. IIML in partnership with Masoom has been supporting 3 schools since FY2011. In the current year, IIML supported 2 schools to improve the quality of education - Vidya Vikas Night School, Ghatkopar and Sharda Night School, Vikhroli. Around 140 students were supported by IIML in these schools



Savali : The Introduction to Basic Technology (IBT) programme was initiated in FY2016 by Savali Trust in 3 schools from Thane, Palgarh and Sindudurgh district in Maharashtra. Students are being trained in Engineering, Energy, Farming and Home science. In FY2017, IIML continued its support by funding operating expenses in the 3 schools. All schools will be completing the curriculum for 8th, 9th, 10th standard by April 2019. The students have started monetizing their learnings by making and selling various items : Gift items like purses, micron thread items, organic fertilizers, nursery plants as well as entering into contracts for providing electrical services locally



Skilling of Rural Women (Shroff Foundation) : IIML in partnership with Shroff Foundation provided placement/ Job-Linked Skilling programme for 100 rural women from Vadodara Halol area on various skills such as - Bed side assistance, Industrial sewing machine operation and Hand embroidery



Entrepreneurship Development Programme (EDP) : In FY2017, EDP was extended to 100 beneficiaries from 4 villages in Ahmedabad and Mehsana district – both men and women. An integrated approach was followed which included providing training for entrepreneurial skills and productive asset creation, financial literacy and life skill coaching. Further, a mentorship programme for 25 high achieving entrepreneurs was formulated that focussed on advanced coaching to entrepreneurs and covered areas such as growth and expansion avenues, product management, facilitating marketing and sales, budgeting etc

FINANCIAL STATEMENTS



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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 Thirty-first Annual Report with the Audited Financials of the Company for the year ended March 31, 2017

FINANCIAL ACHIEVEMENTS AND DIVIDEND

	For the year ended March 31, 2017 (₹ mn)	For the year ended March 31, 2016 (₹ mn)	For the year ended March 31, 2017 (₹ mn)	For the year ended March 31, 2016 (₹ mn)
	Standalone	Standalone	Consolidated	Consolidated
Total Income	688.84	1070.96	1151.39	1907.60
Profit before Taxation	281.28	648.81	138.81	747.69
Provision for Taxation	41.58	157.47	70.32	186.58
Net Profit after Taxation	239.70	491.34	61.26*	560.85*
Dividend (inclusive of dividend tax)	195.25	399.95	195.25	412.63

* 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 ₹ 239.70 mn. Your Directors recommend a Dividend of ₹ 0.60 per share of the Face Value of ₹ 2/- each. The total amount of Dividend is ₹ 195.25 mn (inclusive of dividend tax of ₹ 6.83 mn)

REVIEW OF OPERATIONS

World growth is projected to rise from 3.1% in 2016 to 3.5% in 2017, driven largely by recovery in manufacturing, trade activity and capital flows. However major developed economies have been more inclined to follow populist policies to address the domestic concerns of jobless growth and high income inequality. This has increased uncertainty across global markets. The general consensus emerging from multilateral forums is that the consistency in policy making by advanced economies will be the critical aspect to determine the growth trajectory growing forward

In India, major reforms and initiatives were undertaken to drive growth, to improve transparency and to create employment. However, economic activity has witnessed mixed outcomes. Agriculture expanded robustly year-on-year after two consecutive years of sub-one per cent growth. However, the services sector witnessed sluggish growth. The major segment in the services sector is the IT/ITeS space, which witnessed lower than expected growth. The industrial sector, continues to be a laggard on account of systemic issues of excess capacity, stagnant exports and over leveraged balance sheets. Furthermore, while interest rates have started to decline, existing corporate debt overhang has dampened private investment appetite

The Private Equity (PE) landscape in India reflected the mixed outcomes of the previous year. Fund raising dipped 45% year on year in FY2017 to US\$ 3.5 bn and the number of funds raised fell by 28%. Global trends also broadly match the experience in India. Emerging Market Private Equity funds raised US\$ 44 bn in CY2016 vis-à-vis US\$ 48.5 bn raised during CY2015. The share of funds raised for the Emerging Markets as a percentage of global funds raised (currently at 10%, compared to 21% in 2011) continued to be at historic lows

On the investments front, the PE transactions in India registered a fall – 46% in value terms and 33% in terms of number of transactions. On the other hand, divestments witnessed an increasing trend during FY2017 with US\$ 6.7 bn worth of divestments (across 258 exits) vis-à-vis US\$ 6.2 bn FY2016. Successful divestments pave the way for fresh round of fund raising, which in turn should provide a boost to investment activity during the coming year

In addition, FDI investments are back to robust levels, attracted by the opportunities in the digital and telecommunication sectors. However, FDI in Real Estate has reduced significantly over the last 3 years due to unattractive risk return opportunities. PE in Real Estate is now largely led by Institutions which prefer quasi-debt transactions. Offshore investors have focused on acquiring yield based operating properties (mainly office buildings) for a possible REIT listing in the future. Another emerging trend is for funding distressed assets across

DIRECTORS' REPORT

infrastructure, private equity and real estate sectors. Investment Managers having in-house asset management expertise will be in a position to take advantage of this emerging investment avenue. IIML has been successful in creating new products to cater to the current investment landscape

During the year, IIML completed acquisition of a ~US\$ 220 mn infrastructure debt fund. This acquisition enables IIML to address the entire spectrum of infrastructure funding, spanning debt, equity and mezzanine capital. The operations of this business have now been integrated and your Company will now initiate raising fresh funds under this vertical during the course of FY2018

To capitalise on the opportunities opened up on account of InvIT regulations, IIML Asset Advisors Limited (IAAL), a wholly owned subsidiary of IIML, was appointed as Manager for a road sector infrastructure investment trust (InvIT) being raised by IL&FS Transportation Networks Limited (ITNL). The business model of InvIT management enables the Manager to be rewarded, on a yearly basis, for enhancing distributions to the InvIT's unitholders. The Manager is also incentivized for growing the InvIT portfolio by way of acquisitions. Consequently, revenues from InvIT's management are expected to demonstrate an increasing trend over time

Another new initiative which has been operationalized during the course of the year has been a US\$ 550 mn facility to acquire distressed infrastructure assets. The thermal power and the road sector have gone through significant stress, both at the developer level and at the asset level. This presents a large investment opportunity to this facility. Investment assessment has already commenced and first of the transactions are expected to fructify during FY2018

To leverage the IL&FS Group's experience in large format public private partnership projects, your Company has entered into a Joint Venture (JV) partnership with the Government of Andhra Pradesh to manage an urban infrastructure fund. The JV will also be engaged in fund syndication, investment management and in undertaking techno-commercial appraisals for Municipal and Urban local bodies in the State of Andhra Pradesh

During the year, the Company undertook 11 divestments and coupled with yield/ dividend income generated, provided reverse cash flows of ₹ 7 bn during FY2017. 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

The Company also started making investments from its new Growth Private Equity Fund i.e. Tara India Fund IV

During the last two years, on account of steady divestments, the fee earning Assets Under Management (AUM) of the Company has been declining resulting in an adverse impact on the financials of the Company. However, the new initiatives undertaken during FY2017 are expected to result in increase in IIML's AUM in FY2018, which in turn should bring in improvement in the financial performance of the Company

On a consolidated basis, the Total Income for the Financial Year 2016-2017 was ₹ 1,151.39 mn and the Total Expenses for the year were ₹ 1,012.58 mn and the resultant Profit after Tax on a consolidated basis for the Financial Year 2016-2017 was ₹ 61.26 mn (after minority interest)

On a standalone basis, the Total Income of the Company for the Financial Year 2016-2017 was ₹ 688.84 mn and the Total Expenses for the year were ₹ 407.56 mn and the resultant Profit after Tax for the Financial Year 2016-2017 was ₹ 239.70 mn

SUBSIDIARIES AND JOINT VENTURES

Your Company has Six Domestic Subsidiaries viz. IL&FS Asian Infrastructure Managers Limited, IL&FS Urban Infrastructure Managers Limited, IIML Asset Advisors Limited, Andhra Pradesh Urban Infrastructure Asset Management Company Limited, IL&FS Infra Asset Management Limited and IL&FS AMC Trustee Limited and two Offshore Subsidiaries viz. IL&FS Investment Advisors LLC, Mauritius and IIML Fund Managers (Singapore) Pte Ltd, Singapore

During the year by a Scheme of Arrangement and Amalgamation approved by the Supreme Court of Mauritius, IIML Advisors LLC merged into IL&FS Investment Advisors LLC

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 and 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

DIRECTORS' REPORT

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

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. Five of these investments have been divested, one investment is partially divested and one is listed. The Fund team at IAIML is working actively to fully divest from all the investments of the Fund, which is expected during the course of FY2018

The Total Income for Financial Year 2016-2017 was ₹ 3.3 mn inclusive of Income from Investments and Other Income of ₹ 3.1 mn. The Total Expenses of IAIML for the year were ₹ 0.9 mn and the resultant Profit after Tax for the year was ₹ 2.4 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 Company's role as an asset manager is to identify and appraise the eligible projects and obtain sanctions from the lenders and thereafter facilitate the borrowers to seek disbursement from the lenders, monitor and administer the project assets until entire repayment of the loan

By March 31, 2017, term loans of ₹ 30.82 bn have been sanctioned from the PMDO Facility against overall corpus of the PMDO Facility of ₹ 50 bn. The investment period (i.e. funding of projects) under PMDO Facility has expired on March 31, 2017. The amount outstanding under the PMDO Facility as on March 31, 2017 was at ₹ 14.67 bn

The Total Income for the financial year 2016-2017 was ₹ 132.90 mn inclusive of Income from Investments and Other Income of ₹ 7.37 mn. The Total Expenses and Profit after Tax of IUIML for the corresponding year were ₹ 125.90 mn and ₹ 4.2 mn respectively

IIML Asset Advisors Limited :

IIML Asset Advisors Limited (IAAL) acts as India Advisor to two Offshore Real Estate funds. It will also act as the Manager for a road sector infrastructure investment trust (InvIT) being raised by IL&FS Transportation Networks Limited

The Total Income of IAAL for the Financial Year 2016-2017 was ₹ 76.86 mn inclusive of Income from Investments and Other Income of ₹ 9.57 mn. The Total Expenses of IAAL for the year were ₹ 53.77 mn and the resultant Profit after Tax for the year was ₹ 15.52 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 2016-2017 was US\$ 8.44 mn. The Total Expenses of IIAL for the year were US\$ 23.46 mn and the resultant loss for the year was US\$ 15.03 mn

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 2016-2017 was US\$ 0.32 mn. The Total Expenses of IFMPL for the year was US\$ 0.70 mn and the resultant Loss for the year was US\$ 0.38 mn

DIRECTORS' REPORT

Andhra Pradesh Urban Infrastructure Asset Management Company Limited :

The Company has set up a subsidiary namely, 'Andhra Pradesh Urban Infrastructure Asset Management Limited' (APUIAML) along with the Government of Andhra Pradesh. The Company and the Government of Andhra Pradesh hold 51%: 49% equity stake, respectively in APUIAML

APUIAML has been formed with an objective of acting as the Fund Manager for the Andhra Pradesh Urban Development Fund (APUDF). APUDF will be created with the objective to finance the Urban Local Bodies in the State of Andhra Pradesh. APUIAML will also be involved in integrated urban infrastructure project development and program management for the Urban Local Bodies and provide end to end solutions to them

APUIAML will help the State Government of Andhra Pradesh to set up, institutionalise and manage APUDF by mobilizing resources from different sources like banks and financial institutions, including private sector arms of multilateral and bilateral agencies and by leveraging government and other financial assistances. These funds would be deployed in the urban areas on various infrastructure projects including PPP projects

The Total Income for Financial Year 2016-2017 was ₹ 51.07 mn inclusive of Other Income of ₹ 5 mn. The Total Expenses for the year were ₹ 39.63 mn and the resultant Profit after Tax for the year was ₹ 11.49 mn

IL&FS Infra Asset Management Limited :

With effect from January 1, 2017 the Company acquired 86.60% equity stake of IL&FS Infra Asset Management Limited (the "IIAML") from fellow subsidiary, IL&FS Financial Services Limited (IFIN). IIAML had been set up to manage the IL&FS Mutual Fund (IDF) which is a Infrastructure Debt Fund

The IDF has two closed ended schemes with a commitment of ₹ 13,250 mn and ₹ 1,725 mn is yet to be drawn down as of March 31, 2017. The Fund has made 10 investments as on March 31, 2017 and AUM as of March 31, 2017 was ₹ 14,922 mn

The Total Income for Financial Year 2016-2017 was ₹ 187.49 mn inclusive of Other Income of ₹ 15.69 mn. The Total Expenses for the year was ₹ 85.69 mn and the resultant Profit After Tax for the year was ₹ 66.23 mn

IL&FS AMC Trustee Limited :

With effect from January 1, 2017, the Company acquired 100% equity stake in IL&FS AMC Trustee Limited (IATL) from fellow subsidiary, IL&FS Financial Services Limited. IATL had been set up to act as the Trustee of the IDF

The Total Income for Financial Year 2016-2017 was ₹ 1.47 mn inclusive of Other Income of ₹ 0.05 mn. The Total Expenses for the year were ₹ 1.42 mn and the resultant Profit After Tax for the year was ₹ 0.05 mn

With the acquisition of IIAML and IATL the Debt Mutual Fund business of IL&FS Group will now be housed under the Company

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 2016-2017 was US\$ 1.76 mn. The Total Expenses of SCIMPL for the year were US\$ 1.27 mn and the resultant Profit after tax for the year was US\$ 0.41 mn

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 2016-2017 was ₹ 3.06 mn inclusive of Income from Investments and Other Income of ₹ 2.10 mn. The Total Expenses of IMRAPL for the year were ₹ 39.38 mn and the resultant Loss for the year was ₹ 38.87 mn

DIRECTORS' REPORT

FUTURE OUTLOOK

India's growth, projected at 7.4% during FY2018, would be driven by improvement in consumption demand and increase in public investments. In addition, a host of structural reforms and resolution of the NPA issue in the banking sector will be a catalyst in encouraging private investment. Forecast of normal monsoons, second year in row, will boost rural incomes and drive consumption demand. Further, given the focus on ease of doing business, the government has relaxed FDI norms. This has resulted in increased FDI inflows in the country. A conducive investment environment would help in deploying more capital in productive activities, leading to employment generation. However, the economy also faces certain risks which could hinder growth. The external risks include rising commodity prices (especially crude oil) due to supply rationalization by producers or due to geopolitical tensions. Furthermore, there could be short term disruption due to the implementation of GST

In the context of these risks and opportunities, the Company has put in place various initiatives which seek to de-risk as also grow its portfolio of services. Infrastructure Investment Trusts (InvITs) are key to reigniting the infusion of private capital in infrastructure development. InvITs are therefore, over time, expected to grow significantly, both in number and value terms. IIML's experience as an InvIT Manager can therefore be leveraged to grow this business segment beyond the current level, spanning across various infrastructure assets classes

The combination of the infrastructure debt fund, a core infrastructure growth fund and a stressed infrastructure asset facility, all of which are housed within IIML, provides your Company an exceptional ability to address wide ranging capital requirements of this key sector. The joint venture with Government of Andhra Pradesh is also a unique partnership, which is scalable and has the potential of growing in size. It also has the potential of being replicable across other States. Likewise, your Company is working on developing a partnership with an institutional investor in the Middle East for addressing the infrastructure debt requirements in Africa. This is a path breaking initiative on which significant efforts have already been expended. These efforts are expected to bear fruit during FY2018

All these new initiatives provide visibility for AUM growth and their success would accord strength to your Company's financials over a long term. The Indian economy is well poised to be amongst the fastest growing economies in the world for a third year in a row. Further, new opportunities in several sectors, driven by widening of financial access, policy reforms and emerging technologies, is expected to attract private investment (both domestic and foreign) and drive the growth further. Your Company too is embarking upon new areas through its various initiatives on the back of sectoral expertise and proven track record and is confident on building upon these opportunities going forward

DIRECTORS & KEY MANAGERIAL PERSONNEL

Dr Archana Hingorani resigned as Chief Executive Officer & Executive Director with effect from April 30, 2017

The Board of Directors appointed Mr Sunil Mehta as an Additional Director and an Independent Director, subject to approval of the Shareholders, for a term of five years with effect from August 8, 2016. At the ensuing Annual General Meeting, the Board recommends regularising Mr Mehta's Directorship in the Company and appointing Mr Mehta as an Independent Director for a term of five years with effect from August 8, 2016

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

Mr Krishna Kumar Gangadharan was appointed as Chief Executive Officer, in the capacity of a Key Managerial Personnel of the Company with effect from May 29, 2017

BOARD INDEPENDENCE

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

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors met seven times during the Financial Year ended March 31, 2017. The meetings were held during the year on May 3, 2016, July 11, 2016, August 8, 2016, November 14, 2016, January 4, 2017, February 13, 2017 and March 9, 2017. 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

DIRECTORS' 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, 2017, 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, 2017 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 proper systems were devised to ensure compliance with the provisions of all applicable laws and such systems 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

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>

DIRECTORS' REPORT

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 Note No. 8 of the Standalone Financial Statements

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Company has designated 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 Members 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 Members 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 2016-17, 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 2016-17

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, 2017 and accordingly there is no employee compensation cost for the year ended March 31, 2017

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

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 Work place 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.

DIRECTORS' REPORT

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 three year term of M/s Deloitte Haskins & Sells LLP shall expire at the ensuing Annual General Meeting

It is proposed to appoint M/s B S R & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company in place of retiring Auditors M/s Deloitte Haskins & Sells LLP for a term of five consecutive years at the ensuing Annual General Meeting

In the interim, for smooth transition of the auditing process and seamless integration of the new Auditor, M/s B S R & Associates LLP, Chartered Accountants, were appointed as the Joint Statutory Auditor of the Company along with M/s Deloitte Haskins & Sells LLP up to the conclusion of the ensuing Annual General Meeting by a Shareholders' resolution passed by Postal Ballot on February 17, 2017

Directors recommend appointment of M/s B S R & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company for a term of five consecutive years 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 for the financial year ended March 31, 2017 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, and M/s. B S R & Associates LLP, Joint Statutory Auditors, in their report and by M/s Mehta & Mehta, Company Secretaries in Practice, in their Secretarial Audit Report The Joint 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 Regulations 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 the 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

The disbursement of the amounts is linked to the achievement of certain pre-identified milestones by the implementing agency. The implementing agencies have informed the Company that there have been lag in achieving the pre-identified milestones on account of delay in obtaining the necessary approvals, mobilisation of students and completion of training, etc. Consequently the Company is marginally falling short of expending the entire statutory amount

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://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 Note Nos. 23(c) and 23(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

S M DATTA
CHAIRMAN

Place : Mumbai

Date : May 29, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Business Overview

Global Growth : On the Uptrend

With buoyant financial markets and a long-awaited cyclical recovery in manufacturing and trade under way, world growth is projected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018. However, with persistent structural problems such as low productivity growth and high income inequality, pressures for inward-looking policies are increasing in advanced economies. The balance of risk to global growth thus remains tilted to the downside, especially over the medium term

Activity levels are projected to pick up markedly in emerging markets and developing economies, supported by the partial recovery in commodity prices. Growth is also projected to remain strong in China, subject to smooth transition post internal rebalancing of resources, as also in many other commodity importers. In advanced economies, the pickup is primarily on account of higher projected growth in the United States, driven by public and private investments in infrastructure, leading to robust employment generation

Many of the challenges that the global economy confronts call for multilateral cooperation. Key areas for collective action include preserving an open trading system, safeguarding global financial stability through consistency in policies, achieving equitable tax systems, continuing to support low income countries as they pursue their development goals, and mitigating and adapting to climate change

India : Favorable Outlook

In India, economic activity has witnessed mixed outcomes. Agriculture expanded robustly year-on-year after two consecutive years of sub-one per cent growth. However, in the industrial sector, there was a significant loss of momentum across all categories, barring electricity generation. The services sector also slowed, pulled down by trade, hotels, transport and communication as well as financial, real estate and professional services. The major segment in the services sector is the IT/ITeS space, which also witnessed lower than expected growth. This sector is going through a transition phase on account of changing business landscape driven by automation and innovation. Further, growth in asset formation has slowed. While interest rates have started to decline, existing corporate debt overhang has dampened private investment appetite

Going forward, several favorable factors are expected to drive acceleration of growth. The pace of re-monetization will continue to trigger a rebound in discretionary consumer spending. Activity in cash-intensive retail trade, hotels and restaurants, transportation and un-organized segments has already been largely restored. Significant improvement in transmission of past policy rate reductions into banks' lending rates should help encourage both consumption and investment demand of healthy corporations. Various proposals in the previous Union Budget should stimulate capital expenditure, rural demand, and development of social and physical infrastructure. This, in turn, would invigorate economic activity. Furthermore, the imminent materialization of structural reforms in the form of the roll-out of the GST, the institution of the Insolvency and Bankruptcy Code, and the abolition of the Foreign Investment Promotion Board and introduction of the Real Estate (Regulation and Development) Act, 2016 (RERA) will boost investor confidence and bring in efficiency gains. The upsurge in initial public offerings in the primary capital market augurs well for investment and growth

New age business (e-commerce, startup ventures catering to niche segments, digital innovation) and sectors in transition (IT/ITeS and Pharma) moving into next phase of growth and maturity are also expected to bring vibrancy in private sector leading to increased private investment, employment generation and productivity improvement

With global growth environment improving, external demand should support domestic growth. Going forward, GVA growth is projected to strengthen to 7.4% in FY2018, compared to 7.1% in FY2017

Private Equity : Trends & Themes

The Private Equity (PE) landscape in India reflected the mixed outcomes of the previous year. Fund raising dipped 45% year on year in FY2017 to US\$3.5 billion. The number of funds raised too fell by 28%, with 39 funds being raised during the year, compared to 54 funds during last year. Global trends also broadly match the experience in India. Emerging Market Private Equity funds raised US\$ 44 billion in CY2016 vis-à-vis US\$ 48.5 billion raised during CY2015. The share of funds raised for the Emerging Markets as a percentage of global funds raised (currently at 10%, compared to 21% in 2011) continued to be at historic lows

MANAGEMENT DISCUSSION AND ANALYSIS

On the investments front, the PE transactions also fell both in number and value terms during FY2017. The value of transactions dropped 46% year on year to US\$ 11.6 billion in FY2017. Transaction activity too went down by 33% to 1,210 deals in FY2017. On the brighter side, divestments witnessed an increasing trend during FY2017 with US\$ 6.7 billion worth of divestments (across 258 exits) vis-à-vis US\$ 6.2 billion FY2016. Successful divestments pave the way for fresh round of fund raising, which in turn should provide a boost to investment activity during the coming year

On a sectoral basis, Foreign Direct Investment (FDI) in Real Estate has reduced significantly over the last 3 years due to unattractive risk return opportunities. PE in Real Estate is now largely led by Institutions which prefer quasi-debt transactions. Offshore investors have focused on acquiring yield based operating properties (mainly office buildings) for a possible REIT listing in the future. Another emerging trend is for funding distressed assets across infrastructure, private equity and real estate sectors. Investment Managers having in-house asset management expertise will be in a position to take advantage of this emerging investment avenue

(II) Analysis of Performance for the year ended March 2017

Business Review :

The year was dominated by political churn in all major developed economies. India too was engaged in undertaking major structural reforms such as de-monetization, rollout of GST, and in addressing systemic issues of bank stress, rural distress and financial inclusion

In this challenging environment, IIML managed funds continued to focus on divesting their portfolio and returning capital to its Limited Partners. Divestments aggregating ₹ 7 billion were undertaken during FY2017

On the investment front, the newly raised Tara India IV Fund in the growth private equity vertical undertook investments in the healthcare space. The Fund has developed a strong pipeline in socially relevant sectors namely health, education and financial inclusion and pace of deployment is expected to increase during FY2018

During the year, IIML also integrated a ~US\$ 220 mn infrastructure debt fund into its fold. With this acquisition, IIML has the capability to address all segments of the capital stake – debt, mezzanine and equity. IIML will now seek to grow this portfolio by way of additional fund raisings during the course of FY2018

In terms of new initiatives, IIML Asset Advisors Limited (IAAL), a wholly owned subsidiary of IIML, was appointed as Manager for a road sector infrastructure investment trust (InvIT) being raised by IL&FS Transportation Networks Limited (ITNL). Management of the InvIT would provide a steady stream of revenue for IAAL. The business model allows the Manager to earn fees on portfolio monitoring as well as on fresh acquisitions. Therefore, going forward, as more assets get added to the ITNL InvIT, the fee realization for IAAL would increase proportionally

IIML also tied-up with Lone Star, a US based global private equity firm to setup a US\$ 550 mn facility which would invest in distressed assets in the roads and thermal power space in India. Given a range of stressed assets and stressed promoters, the facility has already built a strong pipeline of actionable investment opportunities

IIML has also entered into a Joint Venture (JV) partnership with the Government of Andhra Pradesh to manage an urban infrastructure fund. The JV will be engaged in fund syndication, investment management and in undertaking techno-commercial appraisals for Municipal and Urban local bodies in the State of Andhra Pradesh. Projects to be developed under the JV framework would include Smart Cities, projects in the sewerage and water supply sectors, and other urban such infrastructure projects

Significant ground work was undertaken for developing the above new initiatives during FY2017 and these efforts are expected to bear fruit, in terms of revenue booking, during the course of FY2018. More importantly, these initiatives are strategic in nature and would support and sustain the Company's growth over the long term

Financial Performance :

Given the challenging environment in the past, many of the past initiatives aimed at increasing the Company's assets under management (AUM) did not fructify. As a result, the fee earning AUM of the Company has steadily depleted. Consequently, there has been an adverse impact on the financials of the Company

MANAGEMENT DISCUSSION AND ANALYSIS

On consolidated basis, the Income from Operation of the Company for the FY2017 was ₹ 1,012.81 mn, Income from Investment was ₹ (0.33) mn and Other Income was ₹ 138.91 mn. Accordingly, the Total Income on a consolidated basis for the FY2017 was ₹ 1,151.39 mn. The resultant profit after tax on a consolidated basis for the FY2017 was ₹ 61.26 mn

(III) Outlook for Financial Year 2017-2018

Driven by a host of structural reforms and a strong consumer demand, India is expected to grow at 7.4% in FY2018. Growth and healthy fiscal parameters would provide the government more room to implement reforms and initiatives, which are critical to drive growth. In addition, forecast of normal monsoons second year in a row will boost rural incomes and drive consumption demand

The government is also committed to resolving the rising bank NPA issue, which is a major concern area as it severely affects credit offtake in the economy. Coupled with budgetary allocation towards capitalisation of banks and a general improvement in corporate balance sheets should provide relief to the bank stress

Given the slowdown in private investment for the last three years, public investment will be the major source of capital formation in infrastructure and allied sectors. Further, given the focus on ease of doing business, the government has relaxed FDI norms. This has resulted in increased FDI inflows in the country, aided by strong push by the government through initiatives like Digital India and Make in India

However, the economy also faces certain risks which could hinder growth. The external risks include rising commodity prices (especially crude oil) due to supply rationalisation by producers or due to geopolitical tensions. Any such increase would create imbalance in the country's fiscal situation. Furthermore, there could be short term disruption due to the implementation of GST. The rollout of RERA, which focuses on improving transparency in the real estate sector, could also cause stress in the largely unorganised sector

In the context of these risks and opportunities, the Company has put in place various initiatives which seek to de-risk as also grow its portfolio of services. For instance, InvITs help monetise revenue generating assets and aid the project developers in efficiently recycling capital for new asset creation. InvITs are therefore permanent platforms which would grow in size over time. Consequently, IIML's skillset as a Manager of an InvIT would become increasingly valuable over time. Starting with a road InvIT, IIML could look to act as a Manager for InvITs in other sectors like renewable energy. This vertical will therefore provide IIML with avenues for both organic growth, by way of asset acquisitions, and inorganic growth, by way replicating its skillsets across multiple InvITs

Likewise, the activation of the stressed asset facility with Lone Star and the JV with Government of Andhra Pradesh would also provide a high degree of long term revenue visibility to the Company. Further, in addition to the stressed asset facility in the infrastructure space, IIML is also seeking to raise a core infrastructure fund. This fund would focus on largely investing in growth capital of infrastructure companies and also selectively investing in acquisition of operational infrastructure assets from a yield perspective

Apart from the above initiatives, considerable efforts have also been expended in expanding the geographical reach of IIML's services. In this regard, IIML has been working with an institutional investor in the Middle East to establish a infrastructure debt fund, focussed on investing in Africa

While substantial efforts have gone in bringing the above initiatives to the present stage, further work is also required to be done before these initiatives translate into being AUM accretive for the company, which in turn would result in a significant improvement in the financial performance of the Company

(IV) Business Segment and Human Resources

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

The Company is entering a new phase with a host of new product lines. Ability to attract investors, deal sourcing and asset management would be key success factors for these initiatives. The Company therefore requires close collaboration with group entities, government agencies and would need to effectively leverage Institutional relationships (both domestic and offshore) to ensure optimal results. The management is well equipped to manage these expectations through tested and institutionalized processes

The Company also continues its focus on divestments, especially in the two real estate funds under management. Both these funds

MANAGEMENT DISCUSSION AND ANALYSIS

are in their extension phase and require consistent efforts to deliver results, given the challenging environment. The teams are fully motivated and geared to work with partners for timely divestments

The Company presently has 41 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 and maximising Shareholders' value

(B) BOARD OF DIRECTORS

(1) Composition:

- (a) The Company's Board as on March 31, 2017 comprises of a Non-Executive Independent Chairman, Managing Director, Executive Director and two Independent Non-Executive Directors and four Non-Executive Directors
- (b) 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
- (c) 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)
- (d) 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
- (e) 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:

- (a) The Board of Directors met seven times during the Financial Year ended March 31, 2017 and the gap between two meetings did not exceed four months. The meetings were held during the year on May 3, 2016, July 11, 2016, August 08, 2016, November 14, 2016, January 4, 2017, February 13, 2017 and March 9, 2017
- (b) The category of Directors, their attendance record at the Board Meetings held during the Financial Year ended March 31, 2017 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 8, 2016	No. of Directorships *	Committee Memberships #	Committee Chairmanships #
Mr S M Datta (Chairman) DIN 00032812	NEID	7	Yes	12	10	2
Mr Ravi Parthasarathy DIN 00002392	NED	7	Yes	10	1	-
Mr Bansi Mehta DIN 00035019	NEID	7	Yes	10	9	3
\$ Mr Sunil Mehta DIN 00065343	NEID	3	NA	5	1	1
Mr Hari Sankaran DIN 00002386	NED	3	Yes	10	1	-
+ Mr Jitender Balakrishnan DIN 00028320	NEID	1	NA	-	-	-
+ Mr Siddharth Mehta DIN 02665407	NEID	-	NA	-	-	-

CORPORATE GOVERNANCE REPORT

Name of the Director	Category of Director @	No. of Board Meetings attended	Attendance at the last AGM held on August 8, 2016	No. of Directorships *	Committee Memberships #	Committee Chairmanships #
Mr Vibhav Kapoor DIN 00027271	NED	5	Yes	6	5	1
+ Mr Shahzaad Dalal DIN 00011375	NED	-	NA	-	-	-
Mr Ramesh Bawa DIN 00040523	MD	6	Yes	9	3	-
Dr Archana Hingorani DIN 00028037	ED	7	Yes	11	3	-
Mr Milind Patel DIN 00058358	NED	6	Yes	8	3	-

@ 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 LODR

+ Mr Siddharth Mehta, Mr Shahzaad Dalal, Mr Jitender Balakrishnan resigned as Directors of the Company with effect from May 1, 2016, May 2, 2016 and May 18, 2016 respectively

\$ Mr Sunil Mehta was appointed as an Additional Non-Executive Independent Director on August 8, 2016

(c) **Appointment/Re-appointment of Directors:**

Pursuant to the provisions of Section 149, Section 152 and Section 161 of the Companies Act, 2013, the following Directors are proposed to be appointed/re-appointed at the ensuing Annual General Meeting

- Appointment of Mr Sunil Mehta as a Director shall be regularised and Mr Mehta shall be appointed as an Non- Executive Independent Director of the Company for a term of five years with effect from August 8, 2016
- Mr Ravi Parthasarathy retires by rotation at the ensuing Annual General Meeting and has offered himself for re-appointment

(d) **Code of Conduct:**

The Board has laid down a Code of Conduct for all its Board members and the Senior Management of the Company. The Code of Conduct 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 2016-17. As required by LODR, the declaration on compliance of the Company's Code of Conduct signed by the Managing Director forms part of this Annual Report

(3) **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:

- Must have been a CEO or a Business head of an organisation in the past
- 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:
 - (i) 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
 - (ii) 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 of new Directors shall be guided by these principles
- (4) **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 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
- (5) **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
- (6) **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 is available on the Company website at the link <http://iimlindia.com/Policies.aspx>
- (7) **Independent Directors' Meeting:** The Independent Directors met on May 24, 2017, 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

CORPORATE GOVERNANCE REPORT

(C) AUDIT COMMITTEE

- (1) **Terms of Reference:** Pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of LODR, the terms of reference of the Audit Committee, include the following:
- (a) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
 - (b) Recommend to the Board, the appointment, remuneration, terms of appointment of the Auditor 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 Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - (ii) Changes, if any, in 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 transaction 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
 - (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

CORPORATE GOVERNANCE REPORT

- (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 unlisted subsidiary companies
 - (xxiv) Carrying out any other function as is referred to it by the Board of Directors
- (2) The Audit Committee met five times during the Financial Year ended March 31, 2017 on May 3, 2016, August 8, 2016, November 14, 2016, January 4, 2017 and February 13, 2017
- (3) The Committee presently comprises of three Directors of which two 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

The composition and attendance record of the members at the Audit Committee Meetings are as follows:

Name of the Director	Designation	Number of Meetings Attended
Mr Banshi Mehta	Chairman	5
Mr S M Datta	Member	5
Mr Vibhav Kapoor	Member	3
*Mr Jitender Balakrishnan	Member	1

* Mr Jitender Balakrishnan resigned as a Director with effect from May 18, 2016

- (4) **Attendees:** The Statutory Auditors, the Internal Auditors, the Chief Executive Officer & Executive Director, the Chief Financial Officer and the Company Secretary are in attendance or invitees 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) **Terms of Reference:** The terms of reference of the Nomination & Remuneration Committee 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) Devise a policy on Board Diversity
 - (d) 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.
 - (e) Approve criteria and quantum of compensation for Whole-time Directors
 - (f) Recruitment of key management employees and their compensation
 - (g) Determination of the annual increments and performance related pay of the employees
 - (h) Administration of the various Employee Stock Option Plans of the Company
 - (i) Such other matters as the Board may from time to time request the Committee to examine, recommend and approve

CORPORATE GOVERNANCE REPORT

(2) 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 service sector

(i) Remuneration structure of the Whole-time Directors

- Fixed Remuneration: 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: At the discretion of the Nomination & Remuneration Committee
- Retiral Benefit: 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. They are also paid commission which is based on the profits of the Company

(v) Succession Planning:

- Succession Plan ensures continuity in operation and services, in the event of exit of key members of the organisation, by supply of suitably qualified and motivated employees who can take up higher roles and responsibilities
- The Company is committed to creating a system of identifying, monitoring, assessing and developing a pipeline of talent. The Company shall continuously engage in the process of developing career path 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 its predecessor, in a time bound manner

(3) **Nomination & Remuneration Committee Meetings:** The Nomination & Remuneration Committee met two times during the Financial Year ended March 31, 2017 on May 3, 2016 and August 8, 2016

CORPORATE GOVERNANCE REPORT

- (4) **Composition:** The Committee comprises of two Non-Executive Independent Directors and one Non-Executive Director. The Chairman of the Committee is a Non-Executive Independent Director. 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 Bansi Mehta	Chairman	2
Mr S M Datta	Member	2
*Mr Ravi Parthasarathy	Member	1
*Mr Hari Sankaran	Member	1

* With effect from August 8, 2016 Mr Hari Sankaran was appointed as a Member of the Nomination and Remuneration Committee in place of Mr Ravi Parthasarathy

(5) **Details of Remuneration:**

- (a) Details of Remuneration paid to the Whole-time Directors during the Financial Year 2016-17:

- (i) 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	5,000,000	18,729,664
Performance Related Pay	-	7,900,000
Perquisites	-	121,426
Total	5,000,000	26,751,090

- (ii) The Remuneration paid to the Whole-time Director consists of a fixed salary and a variable bonus depending on the individual's and the Company's performance. The annual increments and variable bonus are decided by the Nomination & Remuneration Committee
- (iii) Performance of the Executive Directors is evaluated on the basis of individual performance and the performance of the Company
- (iv) During the Financial Year 2016-17, the Company did not grant any stock options
- (v) 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

(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 2016-2017, 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 membership/chairmanship held by the Director in the Company

CORPORATE GOVERNANCE REPORT

- (d) Details of Commission to be paid for the Financial Year 2016-2017 to the Non-Executive Directors of the Company are as below :

Name of the Non-Executive Director	Commission (₹)
Mr S M Datta	1,300,000
Mr Ravi Parthasarathy	600,000
Mr Bansi Mehta	500,000
Mr Sunil Mehta	200,000
Mr Hari Sankaran	200,000
Mr Vibhav Kapoor	200,000
Total	3,000,000

(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, 2017 :
No Options were granted by the Company during the year to Non-Executive Directors
- (b) The shareholding of the Non-Executive Directors as on March 31, 2017 :

Name of the Director	No. of Shares
Mr S M Datta	4,750,000
Mr Ravi Parthasarathy	1,350,000
Mr Bansi Mehta	3,493,750
Mr Vibhav Kapoor	343,750
Mr Milind Patel	112,500

(E) STAKEHOLDERS' RELATIONSHIP COMMITTEE

- (1) The Stakeholders' Relationship Committee oversees the following functions:
- (a) Redressing grievances received from the investors
 - (b) Allotment of shares upon exercise of options under Employee Stock Option Schemes
 - (c) 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 four times during the Financial Year ended March 31, 2017. 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	4
Mr S M Datta	Member	4

- (3) Mr Sanjay Mitra, Company Secretary, has been designated as the Compliance Officer
- (4) During the Financial Year 2016-17 the Company received 34 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	22	22
Mr Sanjay Mitra	22	22

(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
 - (d) CSR Committee met once during the Financial Year on April 12, 2016
- (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 Bansi Mehta	1	1
Mr Hari Sankaran	-	-

(G) WHISTLE BLOWER POLICY

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, 2017, 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>

CORPORATE GOVERNANCE REPORT

(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 8, 2016	1.30 p.m.	Rangaswar Hall, Y B Chavan Centre	1) Appointment of Dr Archana Hingorani as the Chief Executive Officer and Executive Director of the Company for a term of five years 2) Amendment to the Articles of Association
August 11, 2015	3.00 p.m.	Rangaswar Hall, Y B Chavan Centre	1) 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

- (2) Special Resolutions passed through Postal Ballot:

- None of the resolutions approved at the last Annual General Meeting required postal ballot approval
- During the year the Company has not passed any Special Resolution through postal ballot
- No resolution on matters requiring voting by postal ballot pursuant to Section 110 of the Companies Act, 2013 are placed before the members at the ensuing meeting

(J) DISCLOSURES

- The Management Discussion & Analysis forms part of this Annual Report
- 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
- 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>
- None of the Directors of the Company are related to each other except the Directors nominated by Infrastructure Leasing & Financial Services Limited
- 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
- The Company has followed all relevant Accounting Standards while preparing the Financial Statements
- 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
- 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
- The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans

(K) MEANS OF COMMUNICATION

The Company publishes its quarterly and annual consolidated results in prominent daily newspapers viz. Economic Times 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

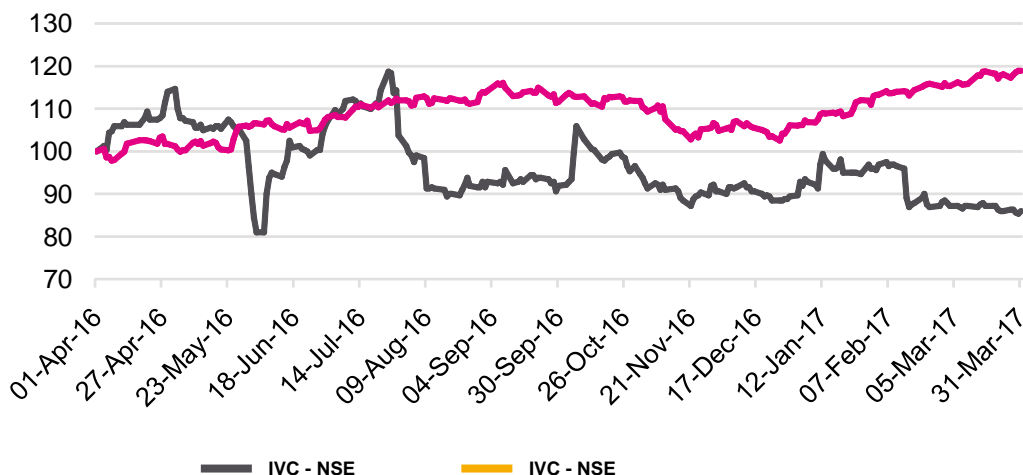
Annual General Meeting Day, Date and Time	: September 6, 2017 at 11 am
Annual General Meeting Venue	: The Walchand Hirachand Hall, IMC Chamber of Commerce and Industry, IMC Building, IMC Marg, Churchgate, Mumbai 400 020
Financial Year	: The Company follows April-March as its Financial Year
Book Closure	: Thursday, August 31, 2017 to Wednesday, September 6, 2017 (both days inclusive)(both days inclusive)
Dividend Payment	: The dividend, if declared, by the members at the AGM shall be paid/ credited on or after September 6, 2017
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
Security Identification Number (ISIN)	: INE050B01023
Scrip Code/Symbol	: BSE: 511208, NSE: IVC
Corporate Identification Number (CIN)	: L65999MH1986PLC147981
Outstanding warrants/ ADRs/ GDRs / Convertible instruments	: Not Applicable
Board Meeting to be held for approving financial statements for the quarter ending :	
June 30, 2017	On or before August 15, 2017
September 30, 2017	On or before November 15, 2017
December 31, 2017	On or before February 15, 2018
March 31, 2018	On or before May 30, 2018

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
Apr-2016	18.70	15.90	2,887,643	18.65	15.90	2,912,626
May-2016	18.50	15.40	1,727,792	18.50	15.35	4,530,101
Jun-2016	17.45	12.95	5,592,576	17.50	12.95	18,851,982
Jul-2016	19.55	16.45	3,155,636	19.60	16.45	10,778,150
Aug-2016	16.80	14.10	3,063,565	16.95	13.55	8,518,438
Sep-2016	15.66	14.36	1,962,143	15.65	13.20	6,225,685
Oct-2016	17.45	14.65	3,671,604	17.35	14.60	11,693,434
Nov-2016	15.55	13.00	2,328,031	15.50	13.10	6,248,097
Dec-2016	14.98	14.01	1,043,590	15.10	14.00	3,106,105
Jan-2017	16.41	13.20	3,328,885	16.45	14.30	10,478,611
Feb-2017	15.90	13.90	3,312,371	15.95	13.90	8,347,554
Mar-2017	14.35	13.20	2,322,062	14.35	13.60	6,329,818

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, 2017

Sr. No.	Category	No. of Shares held	Percentage
1.	Promoter	158,333,152	50.42
2.	Mutual Funds/Banks/Financial Institutions	3,639,738	1.16
3.	Foreign Institutional Investors/Foreign Portfolio Investors	2,318,367	0.74
4.	Non-Residents Individuals	6,788,670	2.16
5.	Companies	11,580,603	3.69
6.	Resident Individuals	125,337,799	39.91
7.	Others	6,034,411	1.92
	Total	314,032,740	100.00

CORPORATE GOVERNANCE REPORT

(P) DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2017

No. of Equity Shares	No. of Members	% of Total	No. of Shares	Percentage of Total
1 - 500	14690	37.61	3,230,080	1.03
501 - 1000	9194	23.54	7,571,595	2.41
1001 - 2000	6583	16.86	10,448,335	3.33
2001 - 3000	3036	7.77	7,521,851	2.40
3001 - 4000	1120	2.87	4,009,807	1.28
4001 - 5000	1048	2.68	4,913,735	1.55
5001 - 10000	1706	4.37	12,768,856	4.07
10001 - above	1678	4.30	263,568,481	83.93
Total	39055	100.00	314,032,740	100.00

(Q) DEMATERIALISATION OF SHARES AND LIQUIDITY

96.92 % of the shares have been dematerialised as on March 31, 2017

(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, 2016		Members who approached the Registrars and Shares were transferred to them during the year		Balance as on March 31, 2017	
No. of Members	No. of Shares	No. of Members	No. of Shares	No. of Members	No. of Shares
3765	2639980	11	10911	3776	2650891

(S) REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

C-101, 247 Park,

L B S Marg, Vikhroli (West),

Mumbai 400 083

Tel No. : +91 22 49186270

Fax No. : +91 22 49186060

E-mail id : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

CORPORATE GOVERNANCE REPORT

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-101, 247 Park,

L B S Marg, Vikhroli (West),

Mumbai 400 083

Tel No. : +91 22 49186270

Fax No. : +91 22 49186060

E-mail id : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

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) **The Company regularly engages in hedging activities to adequately safeguard against foreign exchange risks**

(U) **Mandatory Requirements : The Company has complied with the mandatory and most of the non-mandatory requirements under the Corporate Governance as stipulated under the LODR**

(V) **Non Mandatory Requirements :**

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

CODE OF CONDUCT CERTIFICATE

I, Ramesh Bawa, Managing 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
Ramesh Bawa
Managing Director

Place: Mumbai
Date: May 29, 2017

INDEPENDENT AUDITOR'S CERTIFICATE

TO THE MEMBERS OF
IL&FS INVESTMENT MANAGERS LIMITED

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. RND/1014 dated September 28, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **IL&FS INVESTMENT MANAGERS LIMITED** (the "Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining 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.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. 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)

Rukshad N. Daruvala
Partner
(Membership No. 111188)

Mumbai, May 29, 2017

INDEPENDENT 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, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and 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.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

In conducting 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.

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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Company's preparation of the standalone 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 standalone financial statements.

We believe that the audit evidence obtained by us, 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, 2017, its profit and its cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit 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.
 - 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.
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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.
 - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There are no pending litigations against the Company;
 - 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.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016; and such disclosures are in accordance with the books of accounts maintained by the Company. Refer Note 13 to the standalone financial statements.
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's Registration No. 117366W/W-100018)

Rukshad N. Daruvala
Partner
Membership No.111188
Mumbai, May 29, 2017

For **B S R & ASSOCIATES LLP**
Chartered Accountants
(Firm's Registration No. 116231W/W-100024)

N Sampath Ganesh
Partner
Membership No.042554
Bangalore, May 29, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section 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, 2017 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, 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 Companies Act, 2013.

Auditors’ 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 and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and issued by the Institute of Chartered Accountants of India. 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 auditors’ 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, 2017, 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's Registration No. 117366W/W-100018)

Rukshad N. Daruvala
Partner
Membership No.111188
Mumbai, May 29, 2017

For **B S R & ASSOCIATES LLP**
Chartered Accountants
(Firm's Registration No. 116231W/W-100024)

N Sampath Ganesh
Partner
Membership No.042554
Bangalore, May 29, 2017

ANNEXURE B TO THE INDEPENDENT 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) The Company has not granted any 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").
- (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 hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause 3(vi) of the CARO 2016 with respect to maintenance of cost records is not applicable.

ANNEXURE B TO AUDITORS' REPORT

- (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, Employees' State Insurance, Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- We are informed that the provisions of Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) There are no dues of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, and cess as on March 31, 2017 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-IA of the Reserve Bank of India Act, 1934.

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

Rukshad N. Daruvala
Partner
Membership No.111188
Mumbai, May 29, 2017

For **B S R & ASSOCIATES LLP**
Chartered Accountants
(Firm's Registration No. 116231W/W-100024)

N Sampath Ganesh
Partner
Membership No.042554
Bangalore, May 29, 2017

BALANCE SHEET

As At 31st March 2017

Amount (₹)

Particulars	Note No	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	628,085,480		628,085,480	
Reserves and Surplus	3	850,457,777	1,478,543,257	610,754,220	1,238,839,700
Non-Current Liabilities					
Long-Term Provisions	4		20,777,720		20,618,078
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		23,676,518		28,078,556	
Other current liabilities	5	37,430,700		36,372,333	
Short-term provisions	6	42,947,211	104,054,429	472,991,163	537,442,052
Total			1,603,375,406		1,796,899,830
ASSETS					
Non-current assets					
Property, Plant and Equipment	7	9,129,656		13,334,919	
Intangible assets	7	10		90,884	
Non-current investments	8	744,219,017		392,939,051	
Deferred tax assets	9	13,968,000		14,745,000	
Long-term loans and advances	10	67,030,123	834,346,806	69,988,339	491,098,193
Current assets					
Current investments	11	511,306,515		993,930,893	
Trade receivables	12	100,137,594		80,153,360	
Cash and Cash Equivalents	13	116,331,080		182,674,669	
Short-term loans and advances	14	40,897,637		48,348,871	
Other current assets	15	355,774	769,028,600	693,844	1,305,801,637
Total			1,603,375,406		1,796,899,830

The accompanying Notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Rukshad N. Daruvala
Partner
Membership No. 111188
Place : Mumbai
Date : May 29, 2017

For B S R & Associates LLP
Chartered Accountants
(Firms Registration No.: 116231W/W-100024)

N Sampath Ganesh
Partner
Membership No. 042554
Place : Bangalore
Date : May 29, 2017

For and on behalf of the Board

S M Datta
Chairman
DIN : 00032812

Manoj Borkar
Chief Financial Officer
DIN : 00060698

Place : Mumbai
Date : May 29, 2017

Ramesh Bawa
Managing Director
DIN : 00040523

Sanjay Mitra
Company Secretary
DIN : 00030836

STATEMENT OF PROFIT AND LOSS

For The Year Ended 31st March, 2017

Amount (₹)

Particulars	Note No	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue:			
Revenue from Operations	17	460,713,798	739,539,013
Other Operating Income	18	154,532,793	281,176,104
Other Income	19	73,593,884	50,242,160
Total Revenue		688,840,475	1,070,957,277
Expenses:			
Employee benefit expense	20	220,885,417	230,657,044
Depreciation and amortisation expense	7	6,162,760	5,039,421
Other Administrative and Operating Expenses	21	180,514,583	186,449,099
Total Expenses		407,562,760	422,145,564
Profit before tax		281,277,715	648,811,713
Tax expense:			
- Current tax		62,500,000	156,900,000
- Deferred tax	9	777,000	574,000
- Short/(Excess) provision for tax relating to prior years		(21,702,842)	-
Profit for the year		239,703,557	491,337,713
Earning per equity share: (Equity shares of Face value ₹ 2/- each)	22		
- Basic		0.76	1.56
- Diluted		0.76	1.56

The accompanying Notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Rukshad N. Daruvala
Partner
Membership No. 111188
Place : Mumbai
Date : May 29, 2017

For **B S R & Associates LLP**
Chartered Accountants
(Firms Registration No.: 116231W/W-100024)

N Sampath Ganesh
Partner
Membership No. 042554
Place : Bangalore
Date : May 29, 2017

For and on behalf of the Board

S M Datta
Chairman
DIN : 00032812

Manoj Borkar
Chief Financial Officer
DIN : 00060698

Place : Mumbai
Date : May 29, 2017

Ramesh Bawa
Managing Director
DIN : 00040523

Sanjay Mitra
Company Secretary
DIN : 00030836

CASH FLOW STATEMENT

For The Year Ended 31st March, 2017

Amount (₹)

			For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
(A)	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX		281,277,715	648,811,713
	Adjustments for:			
	Depreciation and Amortisation		6,162,760	5,039,421
	Net Unrealized Exchange Loss		-	3,528,505
	Provision for Employee Benefits (Net)		1,819,204	948,684
	Provision for Diminution in value of Non-current Investments		5,000,000	16,000,000
	Net Profit on Sale of Investments		(48,418,790)	(2,219,162)
	Interest Income		(1,648,244)	(2,570,398)
	Liabilities no longer required, written back		(295,210)	-
	Dividend Income from Current Investments		(17,167,631)	(44,238,913)
	(Profit)/Loss on sale of Fixed Assets (Net)		(158,048)	(61,785)
	Operating Profit before working capital changes		226,571,756	625,238,065
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Trade Receivables		(19,984,234)	135,402,783
	Short Term Loans & Advances		2,525,971	(8,034,826)
	Long Term Loans & Advances		2,531,547	1,736,981
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade Payables		(4,106,828)	(3,883,272)
	Other Current Liabilities		397,062	(4,613,157)
	Cashflow after working capital changes		207,935,274	745,846,574
	Payment of Taxes (Net)		(67,199,203)	(177,656,550)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	A	140,736,071	568,190,024
(B)	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Non-current Investments			
	- Subsidiaries		(354,766,500)	-
	- Others		(11,459,889)	-
	Proceeds from sale of Other Non-current Investments		9,611,816	7,349,837
	(Increase)/Decrease in Current Investments (Net)		531,377,775	(96,599,357)
	Dividend received on Current Investments		17,167,631	44,238,913
	Inter Corporate Deposits/Loans Refunded		-	43,239,998
	Capital Expenditure on Fixed Assets		(2,646,135)	(12,505,707)
	Proceeds from Sale of Fixed Assets		937,560	1,385,498
	Interest received		1,986,314	5,800,847
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	B	192,208,572	(7,089,971)

CASH FLOW STATEMENT

For The Year Ended 31st March, 2017

Amount (₹)

			For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
(C)	CASHFLOW FROM FINANCING ACTIVITIES			
	Dividend on Equity Shares		(376,839,288)	(408,242,562)
	Payment of Dividend Distribution tax		(23,110,249)	(40,661,285)
	NET CASH USED IN FINANCING ACTIVITIES	C	(399,949,537)	(448,903,847)
(D)	Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C)	(67,004,894)	112,196,206
	Cash and Cash Equivalent at the beginning of the year as per Balance Sheet (Refer Note 13)		150,461,108	38,264,902
	Cash and Cash Equivalent at the end of the year (Refer Note 13)		83,456,214	150,461,108
			(67,004,894)	112,196,206
	Reconciliation of Cash and cash equivalents with the Balance Sheet :			
	Cash and cash equivalents as per Balance Sheet (Refer Note 13)		116,331,080	182,674,669
	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		(32,874,866)	(32,213,561)
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 13 *		83,456,214	150,461,108
	Cash and Cash Equivalent at the end of the year (Refer Note 13)		83,456,214	150,461,108
	* Comprises			
	(a) Cash on hand		28,038	33,653
	(b) Balances with banks			
	(i) In current accounts		72,593,240	4,592,519
	(ii) In Fixed Deposit accounts		10,834,936	145,834,936
			83,456,214	150,461,108

Notes:

- (i) These earmarked account balances with banks can be utilised only for the specific identified purposes
- (ii) The accompanying Notes 1 to 33 are an integral part of the Financial Statement

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Rukshad N. Daruvala
Partner
Membership No. 111188
Place : Mumbai
Date : May 29, 2017

For **B S R & Associates LLP**
Chartered Accountants
(Firms Registration No.: 116231W/W-100024)

N Sampath Ganesh
Partner
Membership No. 042554
Place : Bangalore
Date : May 29, 2017

For and on behalf of the Board

S M Datta
Chairman
DIN : 00032812

Manoj Borkar
Chief Financial Officer
DIN : 00060698

Place : Mumbai
Date : May 29, 2017

Ramesh Bawa
Managing Director
DIN : 00040523

Sanjay Mitra
Company Secretary
DIN : 00030836

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

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, specified under Section 133 of the Companies Act, 2013 (the "CA 2013"). 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 except as otherwise stated

(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) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortisation

Property, plant and equipment acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses, directly attributable to bringing the asset to the site and in working condition for its intended use

Intangible Assets are reported at acquisition value with deductions for accumulated amortisation and impairment losses, if any

Depreciation on 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)
Assets :	
Furniture and Fixtures	5
Data Processing Equipments (Servers & Networking)	4
Data Processing Equipments (Others)	3
Office Equipments	4
Vehicles	4
Lease hold improvement	Over the lease period
Asset given to employees	3
Intangible Assets :	
Computer Software	3
Business Know-how, management and advisory contracts	Over the life of the Fund

As per CA 2013, depreciation of assets is required to be provided based on estimated useful life as per Schedule II of the CA 2013. However, there are certain categories of assets where the useful 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 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
- (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

(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

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

Foreign currency monetary items outstanding as at the Balance Sheet date are restated at the closing rate

Non-Monetary items which are carried in terms of historical cost denominated in foreign currency at the Balance Sheet date are reported using the exchange rate at the date of the transaction

(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) **Revenue Recognition**

- (i) Management fee income from 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

(i) **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 as at the reporting date

(j) **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 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. 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 recoverability

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

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

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that the outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions (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

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

(l) 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

(m) Earnings Per Share

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

(n) 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

(o) Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current

2) Share Capital

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

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
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, 2016: 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, 2017

- 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, 2017		As at March 31, 2016	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
At the beginning of the year	314,032,740	628,065,480	314,032,740	628,065,480
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, 2017		As at March 31, 2016	
	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. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held after distribution of all preferential amounts. However, no such preferential amounts exist currently

- 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, 2017

- 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, 2017 (Previous year : Nil). Further, no Options were outstanding as at the start of the year

3) Reserves & Surplus

The movement in Reserves and Surplus are as under:

	Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
a)	Securities Premium Reserve		
	Balance as per previous Balance Sheet	4,758,750	4,758,750
	Balance at the end of the year	4,758,750	4,758,750
b)	General Reserve		
	Balance as per previous Balance Sheet	301,823,844	301,823,844
	Balance at the end of the year	301,823,844	301,823,844
c)	Surplus in Statement of Profit and Loss		
	Balance as per previous Balance Sheet	304,171,626	212,783,450
	Add: Profit for the year	239,703,557	491,337,713
	Less : Appropriation for Dividend	-	(376,839,288)
	Less : Appropriation for Dividend tax	-	(23,110,249)
	Balance at the end of the year	543,875,183	304,171,626
		850,457,777	610,754,220

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

4) Long Term Provisions

Provision consists of provision for amounts due to be settled beyond twelve months after the balance sheet date:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Provision for compensated absences	20,777,720	20,618,078
	20,777,720	20,618,078

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

(i) Defined-Contribution Plans

The Company has recognised ₹ 9,292,080/- (Previous year – ₹ 10,082,531/-) 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 ₹ 3,405,892/- (Previous year ₹ 3,633,198/-) 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, 2017	For the year ended March 31, 2016
I.	Assumptions		
	Discount Rate	7.27%	7.86%
	Rate of Return on Plan Assets	7.27%	7.86%
	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, 2017 (₹)	As at March 31, 2016 (₹)
	Liability at the beginning of the year	93,413,090	89,072,108
	Interest Cost	7,342,269	7,081,233
	Current Service Cost	6,642,257	7,082,966
	Liability Transfer In	-	-
	Benefit Paid	(9,828,923)	(5,499,238)
	Actuarial (gain)/loss on obligations	(418,228)	(4,323,979)
	Liability at the end of the year	97,150,465	93,413,090

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

III.	Tables of Fair value of Plan Assets:	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
	Fair Value of Plan Assets at the beginning of the year	102,241,908	99,236,395
	Expected Return on Plan Assets	8,036,214	7,889,293
	Contributions	691,763	221,818
	Transfer from other Company	-	-
	Benefit Paid	(9,828,923)	(5,499,238)
	Actuarial gain/(loss) on Plan Assets	(124,133)	393,640
	Fair Value of Plan Assets at the end of the year	101,016,829	102,241,908
	Total Actuarial Gain/ (Loss) to be recognised	294,095	4,717,619
IV.	Actual Return on Plan Assets:	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
	Expected Return on Plan Assets	8,036,214	7,889,293
	Actuarial gain/(loss) on Plan Assets	(124,133)	393,640
	Actual Return on Plan Assets	7,912,081	8,282,933
V.	Amount Recognised in the Balance Sheet:	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
	Liability at the end of the year	97,150,465	93,413,090
	Fair Value of Plan Assets at the end of the year	101,016,829	102,241,908
	Difference	3,866,364	8,828,818
	Unrecognised Past Service Cost	-	-
	Amount Recognised in the Balance Sheet	3,866,364	8,828,818
VI.	Expenses Recognised in the Statement of Profit and Loss:	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
	Current Service Cost	6,642,257	7,082,966
	Interest Cost	7,342,269	7,081,233
	Expected Return on Plan Assets	(8,036,214)	(7,889,293)
	Net Actuarial (Gain)/ Loss To Be Recognised	(294,095)	(4,717,619)
	Expense Recognised in Statement of Profit and Loss	5,654,217	1,557,287
VII.	Balance Sheet Reconciliation:		
	Opening Net Liability / (Asset)	(8,828,818)	(10,164,287)
	Expense as above	5,654,217	1,557,287
	Employers Contribution	(691,763)	(221,818)
	Amount Recognised in Balance Sheet	(3,866,364)	(8,828,818)
VIII.	Description of Plan Assets :		
	Insurer Managed Funds	100%	100%

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

IX. Experience Adjustments:		March 31, 2017 (₹)	March 31, 2016 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2013 (₹)
	Experience adjustments on plan liabilities (gain) / loss	(4,787,594)	(4,323,979)	4,687,717	3,955,888	2,079,803
	Experience adjustments on plan assets gain / (loss)	(124,133)	(393,640)	(195,233)	(27,058)	145,016

Other Details:

The employer's best estimate of the contributions expected to be paid to the plan during the next 12 month ₹ 2,421,892/- (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, 2017 (₹)	As at March 31, 2016 (₹)
Unclaimed Dividend	32,874,866	32,213,561
Others:		
Statutory Liabilities	2,928,582	2,639,510
Other Payables	1,627,252	1,519,262
	37,430,700	36,372,333

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

iii) Unclaimed Dividend of ₹ 32,874,866/- relates to the period from FY 2009-2010 to FY 2015-2016. During the year ended March 31, 2017 an amount of ₹ 3,502,324/- (Previous year: ₹ 1,852,834/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2009

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, 2017 (₹)	As at March 31, 2016 (₹)
Provision for Employee Benefits:		
Provision for compensated absences	2,653,665	5,919,366
Provision for other employee benefits	36,000,000	36,000,000
Others:		
Provision for Tax (net of advance tax ₹ 58,890,325/- Previous year ₹ 519,687,740/-)	4,293,546	31,122,260
Provision for Dividend	-	376,839,288
Provision for Dividend Tax	-	23,110,249
	42,947,211	472,991,163

7) Property, Plant and Equipment and Intangible Assets:

Current year : April 1, 2016 to March 31, 2017

Amount (₹)

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK
	As on 01.04.2016	Additions/ Adjustments	Deductions/ Adjustments	As on 31.03.2017	Up to 31.03.2016	For the Year	Deductions/ Adjustments	Up to 31.03.2017
Property, Plant and Equipment (Owned) :								
Furniture and Fixtures	7,308,466	1,234,250	(2,082,029)	6,460,687	6,165,679	827,922	(2,025,290)	4,968,311
Vehicles	11,744,751	-	(889,145)	10,855,606	2,297,226	2,811,373	(265,221)	4,843,378
Office Equipments	3,915,080	793,250	(435,472)	4,272,858	3,621,788	949,658	(424,017)	4,147,429
Data Processing Equipments (Others)	7,039,830	618,635	(748,674)	6,909,791	4,588,524	1,482,933	(661,280)	5,410,177
Lease Improvements	7,952,435	-	-	7,952,435	7,952,426	-	-	7,952,426
Total (A)	37,960,562	2,646,135	(4,155,320)	36,451,377	24,625,643	6,071,886	(3,375,808)	27,321,721
Intangible Assets (Other than internally generated):								
Computer Software	6,183,397	-	-	6,183,397	6,092,513	90,874	-	6,183,387
Total (B)	6,183,397	-	-	6,183,397	6,092,513	90,874	-	6,183,387
Total (A+B)	44,143,959	2,646,135	(4,155,320)	42,634,774	30,718,156	6,162,760	(3,375,808)	33,505,108
								9,129,666

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

7) Property, Plant and Equipment and Intangible Assets:

Previous Year – April 1, 2015 to March 31, 2016

Amount (₹)

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

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

8) Non Current Investments:

Non Current investment consists of:

			As at March 31, 2017		As at March 31, 2016	
	Particulars	Face Value	Quantity	Cost (₹)	Quantity	Cost (₹)
	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 (refer note 31)	\$ 1	57,001	855,235	57,000	855,190
	IIML Asset Advisors Limited (Class A equity shares)	₹ 100	424,762	79,464,117	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 (refer note 31)	\$ 1	-	-	1	45
	IIML Fund Managers (Singapore) Pte Ltd	\$ 10	195,000	118,362,823	145,000	84,707,823
	Andhra Pradesh Urban Infrastructure Asset Management Limited	₹ 10	10,200,000	102,000,000	-	-
	IL&FS Infra Asset Management Limited	₹ 10	16,800,000	178,584,000	-	-
	IL&FS AMC Trustee Limited	₹ 10	250,000	2,527,500	-	-
				523,612,045		168,845,545
ii)	Investment in joint venture (Fully Paid-up)					
	IL&FS Milestone Realty Advisors Private Limited	₹ 10	400,000	800,000	400,000	800,000
	Standard Chartered IL&FS Management (Singapore) Pte Ltd	\$ 1	50,000	2,218,500	50,000	2,218,500
				3,018,500		3,018,500
iii)	Investment in Others					
	Avantika Gas Limited	₹ 10	8,250	82,500	8,250	82,500
	Total Investment in Equity Instruments			526,713,045		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 (refer note 31)	\$ 0.01	-	-	24,999,900	12,599,953
	Total Investment in Participating shares			45,010		12,644,963

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

III)	Investment in Unquoted Redeemable Participating Shares –Series I (Fully Paid-up)					
			As at March 31, 2017		As at March 31, 2016	
	Particulars	Face Value	Quantity	Cost (₹)	Quantity	Cost (₹)
	Investment in subsidiaries					
	IL&FS Investment Advisors LLC Series I (refer note 31)	\$ 0.01	24,999,900	12,599,953	-	-
	Total Investment in Participating shares - Series I			12,599,953		-
IV)	Investment in Units of Venture Fund (Unquoted) (Fully Paid-up)					
	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	694.52	69,451,665	764.00	76,400,288
	IFIN Realty Trust (Class C Units)	₹ 10,000	10	100,000	10	100,000
	IFIN Realty Trust (Class A Units)	₹ 1,000,000	65.78	65,780,000	68.78	68,777,800
	TARA India Fund III Trust (Class C Units)	₹ 10,000	50	500,000	50	500,000
	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- (Class B Units)	₹ 1,000	500	500,000	500	500,000
	Urjankur Nidhi Trust- (Class C Units)	₹ 100	1,000	100,000	1,000	100,000
	Tara India Fund IV Trust- (Class A units)	₹ 1,000,000	13.96	13,959,889	3	3,000,000
	Tara India Fund IV- (Class C units)	₹ 10,000	50	500,000	-	-
	Total Investment in Units of Venture Fund			225,861,009		224,347,543
	Total Investments (I + II+III)			765,219,017		408,939,051
	Less : Provision for diminution in value of investments			(21,000,000)		(16,000,000)
				744,219,017		392,939,051
	Aggregate book value of unquoted investments			765,219,017		408,939,051

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

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, 2017 the timing difference has resulted in a net deferred tax charge of ₹ 777,000/- (Previous year net deferred tax charge of ₹ 574,000)
- The net deferred tax asset realised in the accounts as of March 31, 2017 are as follows:

Nature of Timing Differences	March 31, 2016 Asset/(Liability) (₹)	Adjusted during the year (₹)	March 31, 2017 Asset/(Liability) (₹)
Net Depreciation	5,504,000	417,000	5,921,000
Retirement Benefits	9,241,000	(1,194,000)	8,047,000
Total	14,745,000	(777,000)	13,968,000
Previous year – April 1, 2015 to March 31, 2016	15,319,000	(574,000)	14,745,000

10) Long term Loans and advances:

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

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Secured, considered good		
Staff Loan	47,106	297,133
Unsecured, considered good		
Advance Tax net of provision of ₹ 594,505,000/- (Previous year ₹1,156,485,000/-)	62,329,162	62,755,831
Security Deposits	60,960	60,960
Prepaid Expenses	4,592,895	6,874,415
	67,030,123	69,988,339

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

11) Current Investments:

The details of Current Investments are provided below:

Particulars	As at March 31, 2017 (₹)			As at March 31, 2016 (₹)		
	Units	Face Value	Amount	Units	Face Value	Amount
Non Trade - Unquoted (at cost)						
Investment in Mutual Funds						
ICICI Prudential Liquid -Regular Plan - Daily Dividend	-	-	-	693,904	100	69,434,576
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend	-	-	-	1,034,166	100	103,550,561
DHFL Pramerica Insta Cash Plus Fund - Daily Dividend - Reinvestment	-	-	-	601,451	100	60,327,977
Reliance Liquid Fund Treasury Fund - Treasury Plan - IP -DDR	-	-	-	36,720	1,000	56,134,949
Reliance Liquidity Fund – Daily Dividend – Reinvestment Option	-	-	-	52,748	1,000	52,775,099
Birla Sun Life Cash Plus - Daily Dividend-Regular Plan	-	-	-	252,745	100	25,323,760
Birla Sun Life Savings Fund - Daily Dividend-Regular Plan	-	-	-	402,990	100	40,418,710
Kotak Liquid Scheme Plan A-Daily Dividend - Regular Plan	-	-	-	4,222	1,000	5,162,663
Kotak Floater Short Term - Daily Dividend - Regular Plan	-	-	-	92,635	1,000	93,711,787
ICICI Prudential Flexible Income - Daily Dividend	-	-	-	1,051,769	100	111,209,668
Taurus Liquid Fund - Existing Plan - Super Institutional Daily Dividend Reinvestment - Reinvestment	-	-	-	35,530	1,000	35,541,640
HDFC Liquid Fund - Dividend - Daily Reinvest	-	-	-	52,151	1,000	53,184,792
Tata Liquid Fund Plan A - Daily Dividend	-	-	-	20,519	1,000	22,868,666
Baroda Pioneer Liquid Fund Plan A-Daily Dividend Plan	-	-	-	53,255	1,000	53,314,986
DHFL Pramerica Ultra Short Term Fund - Daily Dividend - Reinvestment	-	-	-	11,074,620	10	110,971,059
Kotak Low Duration Fund-Direct-Growth	57,658	1,000	117,003,771	58,763	1,000	100,000,000
ICICI Prudential Flexible Income - Growth	297,677	100	92,607,015	-	-	-
Kotak Bond Short Term-Direct Plan – Growth	3,702,761	10	117,064,256	-	-	-
Kotak Banking & PSU Debt Fund-Direct-Growth	1,473,292	10	54,756,801	-	-	-

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

Particulars	As at March 31, 2017 (₹)			As at March 31, 2016 (₹)		
	Units	Face Value	Amount	Units	Face Value	Amount
Non Trade - Unquoted (at cost)						
Investment in Mutual Funds						
Birla Sun Life Savings Fund - Growth-Regular Plan	180,165	100	57,374,773	-	-	-
Birla Sun Life Floating Rate Fund - Long Term - Growth-Regular Plan	127,958	100	25,420,840	-	-	-
ICICI Prudential Savings Fund - Growth	21,273	100	5,196,079	-	-	-
Kotak Treasury Advantage Fund - Growth	1,590,658	10	41,882,980	-	-	-
			511,306,515			993,930,893
Aggregate book value of unquoted investments			511,306,515			993,930,893

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, 2017 (₹)	As at March 31, 2016 (₹)
Unsecured, considered good: (outstanding for more than 6 months from the date they are due for payment)	72,797,482	40,312,243
Unsecured, considered good: (outstanding for less than 6 months from the date they are due for payment)	27,340,112	39,841,117
Total	100,137,594	80,153,360

13) Cash and Cash Equivalents:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Cash and Cash Equivalent:		
Cash in hand	28,038	33,653
Balance with Banks		
- in Current Accounts	72,593,240	4,592,519
Other Bank Balances:		
- In Fixed Deposit Accounts	10,834,936	145,834,936
- In earmarked Accounts		
- Current Accounts referring to unclaimed dividend accounts	32,874,866	32,213,561
	116,331,080	182,674,669

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 ₹ 83,456,214/- (Previous year ₹150,461,108/-)

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

Disclosure details of Specified Bank Notes held and transacted during the demonetization period from 08.11.2016 to 30.12.2016

	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	29,500	6,202	35,702
(+) Permitted receipts	-	250,000	250,000
(-) Permitted payments	-	(208,446)	(208,446)
(-) Amount deposited in Banks	(29,500)	-	
Closing cash in hand as on 30.12.2016	-	47,756	47,756

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, 2017 (₹)	As at March 31, 2016 (₹)
Secured, considered good		
Staff Loan	115,511	84,282
Unsecured, considered good		
Prepaid Expenses	11,879,479	14,189,983
Service tax Credit Available	10,645,598	6,056,857
Others	18,257,049	28,017,749
	40,897,637	48,348,871

ii) Others includes advance recoverable on account of reimbursement of Out of pocket expenses and travel advance given to employees

15) Other Current Assets:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Interest accrued	355,774	693,844
	355,774	693,844

16) Contingent Liabilities and Capital Commitments:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
1) Claims not acknowledged as debts:		
Income tax demands contested by the Company	-	29,544,293
2) Capital Commitments:		
Uncalled liability on units of Venture Capital Fund	86,040,111	97,000,000

17) Revenue from Operations:

	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Fees from Fund Management and Advisory Services	460,713,798	739,539,013
	460,713,798	739,539,013

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

18) Other Operating Income:

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Dividend Income		
From Non-Current Investments		
- Subsidiaries	154,867,400	263,336,992
- Joint Venture	-	15,619,950
Total (a)	154,867,400	278,956,942
Net gain / (loss) on sale of Investments:		
Venture Capital Fund units	(334,607)	2,219,162
Total (b)	(334,607)	2,219,162
Total (a + b)	154,532,793	281,176,104

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

19) Other Income:

i) Other Income comprises of:

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Interest Income		
Interest Income on		
- Fixed Deposits with Banks	1,633,376	2,136,852
- Other Deposits / Loans	14,868	433,546
	1,648,244	2,570,398
Dividend income from Current non-trade Investments	17,167,631	44,238,913
Net gains / (loss) on sale of investments		
Profit on sale of current non-trade investments	48,753,397	-
Profit on sale of Fixed Asset	158,048	61,785
Miscellaneous Income	5,866,564	3,371,064
	73,593,884	50,242,160

ii) Miscellaneous Income includes ₹ 1,767,000/- (Previous year ₹ 2,056,000/-) being the reversal of excess provision for Performance Pay for the previous year

20) Employee Benefit Expense :

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Salaries and Allowances	203,792,803	219,130,597
Contribution to Provident fund and other Funds	18,776,696	16,031,269
Staff Training and Welfare Expenses	1,215,918	2,097,616
	223,785,417	237,259,482
Less : Recovery on deputation cost	(2,900,000)	(6,602,438)
	220,885,417	230,657,044

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

21) Other Administrative and Operating Expenses:

a) Other Administrative and Operating Expenses consists of:

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Rent	31,697,871	32,499,916
Rates and Taxes	1,812,838	1,609,855
Electricity and Water Charges	919,393	934,550
Travelling and Conveyance	7,900,597	18,519,010
Insurance	3,667,136	5,027,471
Repairs and Maintenance	6,176,103	6,064,821
Audit Fees	5,110,000	4,680,000
Legal and Professional Expenses	35,199,593	24,596,015
Sub advisory Fees	31,549,569	19,249,814
Brand Subscription Fees	13,386,964	14,432,868
Expenditure on Corporate Social Responsibility	13,947,219	11,590,088
Miscellaneous Expenses	17,111,954	24,229,921
Provision for Diminution in value of Investments	5,000,000	16,000,000
Foreign Exchange Loss	1,218,426	1,854,862
General Office Expenses	5,816,920	5,159,908
Total	180,514,583	186,449,099

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

b) Audit fees consists of amount paid :

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
As Auditors	3,350,000	1,900,000
In any other capacity		
For other services, certification etc.	1,760,000	2,780,000
Total	5,110,000	4,680,000

The above fees are exclusive of service tax

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

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

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Management Fee Income	267,127,902	600,270,426
Dividend Income	99,915,000	202,530,000

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

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Travelling Expenses	-	870,239
Conference and Seminar	-	1,644,042
Books and Periodicals	1,630,031	731,454
Advertisement Expenses	-	784,880
Subscription to Association	2,339,392	2,565,466
Legal and Professional fees	6,059,703	797,795

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, 2017	For the year ended March 31, 2016
Profit After Tax (₹)	239,703,557	491,337,713
Weighted Average Number of Equity Shares in calculating Diluted EPS	314,032,740	314,032,740
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	0.76	1.56
(iii) Diluted Earnings per share (₹)	0.76	1.56

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, 2017 (₹)	March 31, 2016 (₹)
Not later than one year	23,624,668	4,846,651
Later than one year but not later than 5 years	22,058,903	977,604
Amount charged to the Statement of Profit and Loss (on non- cancellable lease)	24,619,071	6,162,334

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

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) There are no forward exchange contracts outstanding as at March 31, 2017

b) Foreign currency exposures:

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

Particulars	As at March 31, 2017	As at March 31, 2016
Trade Receivables	\$ 125,000	-
Amount in ₹	8,104,825	-
Other Advances Receivables	\$ 45,047	-
Amount in ₹	2,920,784	-

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 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] (Refer note 31)
6	IIML Fund Managers (Singapore) Pte Ltd [IFMSPL]
7	Andhra Pradesh Urban Infrastructure Asset Management Limited [APUIAML] from September 29, 2016
8	IL&FS Infra Asset Management Limited from January 1, 2017 [IIAML]
9	IL&FS AMC Trustee Limited from January 1, 2017 [IATL]
Sr. No.	Fellow Subsidiaries *
1	IL&FS Financial Services Limited [IFIN]
2	IL&FS Securities Services Limited [ISSL]
3	ISSL CPG BPO Private Limited [ISSLCPG]
4	IFIN Realty Trust [IFINRT]
5	IL&FS IIDC Fund [IIF]
6	IL&FS Infrastructure Equity Fund – I [IIEF-I]
7	IL&FS Energy Development Company Limited [IEDCL]
8	IL&FS Education & Technology Services Limited [IETSL]
9	IL&FS Technologies Limited [ITL]
10	Livia India Limited [Livia]

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

Sr. No.	Fellow Subsidiaries *
11	IL&FS Academy of Applied Development [IAAD]
12	IL&FS Township Urban Asset Limited [ITUAL]
13	IL&FS Maritime Infrastructure Company Limited [IMICL]
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	Mr Ramesh Bawa - Managing Director
2	Dr Archana Hingorani - Chief Executive Officer & Executive Director
3	Mr Manoj Borkar - Chief Financial Officer
4	Mr Sanjay Mitra - Company Secretary

* As certified by the holding company

- b) The nature and volume of transactions during the year ended March 31, 2017, 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	-	267,127,902	-	-	-
IFINRT	-	-	5,851,623	-	-
IIF	-	-	700,000	-	-
IIEF-1	-	-	27,763,469	-	-
Dividend paid					
IL&FS	189,999,782	-	-	-	-
Dividend received					
IAAL	-	44,952,400	-	-	-
IUIML	-	10,000,000	-	-	-
IIAL	-	99,915,000	-	-	-
Other Expenses					
IL&FS	882,742	-	-	-	-
ISSL	-	-	136,810	-	-
ISSL CPG	-	-	79,200	-	-
IAAD	-	-	17,175	-	-
Professional Expenses					
ITL	-	-	145,677	-	-
Rent paid					
IL&FS	26,135,400	-	-	-	-
Repairs & Maintenance - Others					
IL&FS	1,053,822	-	-	-	-
Livia	-	-	4,245,490	-	-

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiaries (₹)	Joint Ventures (₹)	Key Management Personnel (₹)
Transfer of assets					
IL&FS	1	-	-	-	-
Electricity Charges					
IL&FS	871,205	-	-	-	-
Brand subscription fees					
IL&FS	13,386,964	-	-	-	-
Other Reimbursement (Paid) / Recovered					
IL&FS	474,289	-	-	-	-
IFINRT	-	-	32,557	-	-
IFIN	-	-	(5,700)	-	-
IAAL	-	647,508	-	-	-
IFMSPL	-	321,630	-	-	-
IIAL	-	17,108,261	-	-	-
IAIML	-	314,114	-	-	-
IEDCL	-	-	41,878	-	-
IMICL	-	-	28,033	-	-
ITUAL	-	-	92,000	-	-
APUIAML	-	1,955,194	-	-	-
Subscription to Share Capital					
IFMSPL		33,655,000			
IAAL		38,000,000	-	-	-
APUIAML		102,000,000	-	-	-
Purchase of Non Current Investment					
IFIN			181,111,500		
Managerial Remuneration					
Mr Ramesh Bawa	-	-	-	-	5,000,000
Dr Archana Hingorani	-	-	-	-	27,735,090
Mr Manoj Borkar	-	-	-	-	18,406,334
Mr Sanjay Mitra	-	-	-	-	9,652,777

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

- c) 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	-	-	-
Dividend paid					
ILFS	205,833,098	-	-	-	-
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	-	-
IAAD	-	-	37,100	-	-
Professional Expenses					
ITCL	-	-	375,000	-	-

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiaries (₹)	Joint Ventures (₹)	Key Management Personnel (₹)
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					
Mr Ramesh Bawa	-	-	-	-	4,949,574
Dr Archana Hingorani	-	-	-	-	24,574,575

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiaries (₹)	Joint Ventures (₹)	Key Management Personnel (₹)
Mr Manoj Borkar	-	-	-	-	20,934,071
Mr Sanjay Mitra	-	-	-	-	9,407,453

d) Statement of significant balances as at March 31, 2017 are as follows:

Nature of Transaction	Holding Company (₹)	Subsidiaries (₹)	Fellow Subsidiary (₹)
Trade Receivables			
IIAL	-	8,104,825	-
Short Term Advances			
IAIML	-	978	-
IIAL	-	2,920,784	-

e) Statement of significant balances as at March 31, 2016 were 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, 2017

IAAL	-	324,031	-
APUAIML	-	2,455	-
Trade Payables			
IL&FS	(316,975)	-	-
ISSL	-	-	(57,629)
Livia	-	-	(5,729)

28) Joint Venture Disclosure :

The Company has the following Joint Ventures as on March 31, 2017 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%	15,080,926	3,590,834	1,225,500	16,774,642
		(35,346,710)	(8,307,477)	(34,560,571)	(31,522,108)
Standard Chartered IL&FS Management (Singapore) Pte Limited	50%	140,994,195	25,344,242	59,047,402	35,532,296
		(156,515,032)	(50,131,090)	(76,556,495)	(65,066,010)

(Figures in brackets for represents 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 :

a) Gross amount required to be spent by the company during the year – ₹14,484,241

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	13,947,219	-	13,947,219

NOTES Forming Part Of Financial Statements For The Year Ended 31st March, 2017

- 31) Pursuant to a Scheme of Arrangement and Amalgamation between two wholly owned subsidiaries of the Company, IIML Advisors LLC ('IAL'), IL&FS Investment Advisors LLC ('IIAL') and their respective shareholders and creditors ('the Scheme') as approved by the Supreme Court of Mauritius on 26 April 2017, IIML Advisors LLC has been amalgamated into IL&FS Investment Advisors LLC. The Appointed Date of the Scheme was 1 January 2017. The Scheme has been filed by IIAL with Financial Services Commission ('FSC'), Mauritius and Registrar of Company, Mauritius on May 9, 2017

As per the Scheme, IIAL will issue 1 fully paid up ordinary share of USD 1 each for every 1 ordinary share held by the Company in IAL and 1 fully paid up redeemable participating share-series 1 of USD 0.01 each for every 1 redeemable participating share held by the Company in IAL

The Company has been allotted 1 ordinary share of USD 1 each and 24,999,900 redeemable participating shares – series I of USD 0.01 each in accordance with the Scheme, subsequent to the balance sheet date

32) Proposed Dividend

The Board of Directors, in their meeting held on May 29, 2017 have proposed a final dividend of ₹0.60 per equity share amounting to ₹195,251,230/-, inclusive of tax on dividend. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend from Statement of Profit and Loss for the year ended March 31, 2017

- 33) Figures for the previous year have been regrouped / reclassified wherever considered necessary to confirm to the current year classification / disclosure

The accompanying Notes 1 to 33 are integral part of the Financial Statements

For and on behalf of the Board

S M Datta

Chairman

DIN : 00032812

Ramesh Bawa

Managing Director

DIN : 00040523

Manoj Borkar

Chief Financial Officer

DIN : 00060698

Sanjay Mitra

Company Secretary

DIN : 00030836

Place : Mumbai

Date : May 29, 2017

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	7	8
(2)	Name of the subsidiary	IL&FS Asian Infrastructure Managers Limited	IL&FS Urban Infrastructure Managers Limited	IIML Asset Advisors Limited	Andhra Pradesh Urban Infrastructure Asset Management Limited	IL&FS AMC Trustee Limited	IL&FS Infra Asset Management Limited	IL&FS Investment Advisors LLC 31.01.2006	IIML Fund Managers (Singapore) Pte Limited 13.12.2011
(3)	The date since when subsidiary was acquired	27/04/06	25/05/06	01/08/10	15/07/16	01/01/17	01/01/17		
(4)	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
(5)	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA	NA	NA	NA	NA	USD @ 64.8386	USD @ 64.8386
(6)	Share capital	45,918,370	10,000,000	64,071,000	200,000,000	2,500,000	193,980,000	3,760,639	126,435,270
(7)	Reserves & surplus	17,395,584	156,014,165	72,230,120	7,487,568	(2,082,307)	96,262,667	1,238,573,910	(99,064,303)
(8)	Total assets	63,829,670	186,130,199	151,688,084	281,177,963	1,042,691	301,789,889	1,343,591,499	34,668,162
(9)	Total Liabilities	515,716	20,116,034	15,386,964	73,690,395	624,998	11,547,222	101,256,950	7,297,195
(10)	Investments	60,359,361	-	119,663,153	30,030,703	-	-	129,937	-
(11)	Turnover	3,320,407	132,902,705	76,861,382	51,071,982	1,467,643	187,486,853	547,365,905	20,868,757
(12)	Profit before taxation	2,434,716	7,003,806	23,088,728	11,441,582	51,117	101,794,251	(973,854,440)	(24,474,886)
(13)	Provision for taxation	-	2,790,420	7,564,000	3,954,013	-	35,563,701	677,952	-
(14)	Profit after taxation	2,434,716	4,213,386	15,524,728	7,487,569	51,117	66,230,550	(974,532,392)	(24,474,886)
(15)	Proposed Dividend	-	-	-	-	-	-	-	-
(16)	% of shareholding	51.00%	100.00%	100.00%	51.00%	100.00%	86.61%	100.00%	100.00%

(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 Joint Ventures	IL&FS Milestone Advisors Private Limited	Standard Chartered IL&FS Singapore Pte Limited
1	Latest audited Balance Sheet Date	March 31, 2017	March 31, 2017
2	Shares of Joint Ventures held by the company on the year end	400,000 Equity Shares of ₹ 10 each	50,000 Equity shares of USD 1
3	Amount of Investment in Joint Venture	₹ 4,000,000	₹ 2,218,500
4	Extend of Holding %	40%	50%
5	Description of how there is significant influence	Based on Equity holding	Based on Equity holding
6	Reason why the joint venture is not consolidated	NA	NA
7	Networth attributable to Shareholding as per latest audited Balance Sheet (₹)	1,14,90,092	11,56,49,952
8	Profit / Loss for the year		
	(i) Considered in Consolidation (₹)	(1,55,49,142)	1,32,64,324
	(ii) Not Considered in Consolidation	-	-

- | | | |
|--|-----|-----|
| (1) Names of associates or joint ventures which are yet to commence operations | NIL | NIL |
| (2) Names of associates or joint ventures which have been liquidated or sold during the year | NIL | NIL |

INDEPENDENT AUDITORS' REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF IL&FS INVESTMENT MANAGERS LIMITED

Report on the Consolidated Financial Statements

1. 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, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and the significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

2. 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. 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 its jointly controlled entities 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting 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.
4. 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.
5. 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.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors / one of the joint auditors in terms of their reports referred to in the Other Matters paragraphs below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, read with our comments in paragraph 8 below and based on the consideration of reports of the other auditors/ one of the joint auditors on separate financial statements of the subsidiaries and jointly controlled entity referred to in the Other Matters paragraphs below, the aforesaid consolidated financial

INDEPENDENT AUDITORS' REPORT

ON CONSOLIDATED FINANCIAL STATEMENTS

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 jointly controlled entities as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

8. We draw attention to Note 31 to the consolidated financial statements which describes that pursuant to a Scheme of Arrangement and Amalgamation as approved by the Supreme Court of Mauritius between two wholly owned subsidiaries of the Holding Company, IIML Advisors LLC ("IAL") and Investment Advisors LLC ("IIAL"), certain intangible assets of IIAL amounting to Rs. 9,850.10 lakhs (USD 14,495,087) has been directly adjusted against IIAL's retained earnings as on the Appointed Date. Our opinion is not modified in respect of this matter.

Other Matters

9. We did not audit the financial statements of five subsidiaries and one jointly controlled entity, whose financial statements reflect total assets of Rs. 21,483.70 lakhs as at March 31, 2017, total revenues of Rs. 7,469.71 lakhs and net cash inflows amounting to Rs. 4,320.92 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, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entity is based solely on the reports of the other auditors.
10. The financial statements of four subsidiaries and one jointly controlled entity, whose financial statements reflect total assets of Rs. 4,177.72 lakhs as at March 31, 2017, total revenues of Rs. 2,146.84 lakhs and net cash outflows amounting to Rs. 1,108.23 lakhs for the year ended on that date, as considered in the consolidated financial statements have been audited by one of the joint auditors of the Holding Company 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, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entity is based solely on these reports.
11. Three of the subsidiaries and one jointly controlled entity are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and jointly controlled entity located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and jointly controlled entity located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.
12. 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 matters with respect to our reliance on the work done and the reports of the other auditors / one of the joint auditors of the Holding Company and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries and jointly controlled entity, referred in the Other Matters paragraph above, 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.

INDEPENDENT AUDITORS' REPORT

ON 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/ one of the joint auditors of the Holding Company.
- (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.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled entity incorporated in India, none of the other directors of the Holding Company, its subsidiary companies and jointly controlled company incorporated in India is disqualified as on March 31, 2017 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 jointly controlled company incorporated in India.
- (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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on consideration of the report of the other auditors on financial statements of subsidiaries and jointly controlled company as furnished by the management:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities.
 - ii. The Group and 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, its subsidiary companies, and jointly controlled company incorporated in India.
 - iv. The Holding Company, its subsidiary companies and jointly controlled company, which are companies incorporated in India have provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 as applicable; and such disclosures are in accordance with the relevant books of accounts maintained by the Group. Refer Note 14 to the consolidated financial statements.

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

Rukshad N. Daruvala
Partner
Membership No.111188
Mumbai, May 29, 2017

For **B S R & ASSOCIATES LLP**
Chartered Accountants
(Firm's Registration No. 116231W/W-100024)

N Sampath Ganesh
Partner
Membership No.042554
Bangalore, May 29, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section 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 Holding Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and 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 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 respective Companies 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 Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its jointly controlled company, which are companies incorporated in India, 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 Companies Act, 2013, 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 controls 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 and the audit evidence obtained by the other auditors of the subsidiary companies/ one of the joint auditors of the Holding Company and jointly controlled company, which are companies incorporated in India, 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 internal financial controls system over financial reporting of the Holding Company, its subsidiary companies and its jointly controlled company, which are companies incorporated in India.

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 Holding 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 Holding Company are being made only in accordance with authorisations of management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Holding Company’s assets that could have a material effect on the financial statements.

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary companies and 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, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to six subsidiary companies and one jointly controlled company, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India and in case of subsidiaries incorporated in India, is based on the reports of the one of the joint auditors of the Holding Company, who are the auditors of such subsidiaries, incorporated in India. Our opinion is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Rukshad N. Daruvala

Partner

Membership No.111188

Mumbai, May 29, 2017

For **B S R & ASSOCIATES LLP**

Chartered Accountants

(Firm's Registration No. 116231W/W-100024)

N Sampath Ganesh

Partner

Membership No.042554

Bangalore, May 29, 2017

CONSOLIDATED BALANCE SHEET

As At 31st March 2017

Amount (₹)

Particulars	Note No	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2016
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	628,085,480		628,085,480	
Reserves and Surplus	3	2,460,832,107	3,088,917,587	3,338,560,240	3,966,645,720
Minority Interest			171,556,239		29,830,826
Non-Current Liabilities					
Deferred tax liabilities	4	-		2,674,941	
Other Long Term Liabilities		500,000		-	
Long term provisions	5	43,659,018	44,159,018	73,014,968	75,689,909
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		103,305,601		144,301,631	
Other current liabilities	6	106,981,645		39,987,558	
Short term provisions	7	87,447,428	297,734,674	534,015,904	718,305,093
Total			3,602,367,518		4,790,471,548
ASSETS					
Non-current assets					
Property, Plant and Equipment	8	13,474,964		31,171,635	
Intangible assets	8	185,307,068		1,305,503,271	
Capital Work in progress	8	3,154,500		1,037,500	
Non Current Investments	9	245,176,725		260,977,369	
Deferred tax assets	4	31,630,773		35,150,112	
Long term Loans and Advances	10	141,071,705		98,766,975	
Other Non Current Assets	11	-	619,815,735	15,734,894	1,748,341,756
Current assets					
Current Investments	12	722,159,731		1,051,238,725	
Trade Receivables	13	794,581,060		816,122,672	
Cash and Cash Equivalents	14	1,328,203,678		1,073,278,667	
Short term Loans and Advances	15	113,620,318		98,325,975	
Other Current Assets	16	23,986,996	2,982,551,783	3,163,753	3,042,129,792
Total			3,602,367,518		4,790,471,548

The accompanying Notes 1 to 36 are an integral part of the Consolidated Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Rukshad N. Daruvala
Partner
Membership No. 111188
Place : Mumbai
Date : May 29, 2017

For **B S R & Associates LLP**
Chartered Accountants
(Firms Registration No.: 116231W/W-100024)

N Sampath Ganesh
Partner
Membership No. 042554
Place : Bangalore
Date : May 29, 2017

For and on behalf of the Board

S M Datta
Chairman
DIN : 00032812

Manoj Borkar
Chief Financial Officer
DIN : 00060698

Place : Mumbai
Date : May 29, 2017

Ramesh Bawa
Managing Director
DIN : 00040523

Sanjay Mitra
Company Secretary
DIN : 00030836

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For The Year Ended March 31, 2017

Amount (₹)

Particulars	Note No	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue:			
Revenue from Operations	18	1,012,806,529	1,824,809,998
Other Operating Income	19	(334,607)	2,945,005
Other Income	20	138,918,027	79,849,009
Total Revenue		1,151,389,949	1,907,604,012
Expenses:			
Employee benefit expense	21	423,328,220	515,016,620
Depreciation and amortisation expense	8	166,063,893	204,295,497
Other Administrative and Operating Expenses	22	423,188,302	440,605,877
Total Expenses		1,012,580,415	1,159,917,994
Profit before tax		138,809,534	747,686,018
Tax expense:			
- Current tax		89,682,919	193,812,735
- Short/(Excess) Provision for tax relating to prior years		(21,509,898)	(361,178)
- Deferred tax	4	2,154,167	(6,876,542)
Profit after tax before Minority Interest		68,482,346	561,111,003
Less: Share of profit/(loss) attributable to Minority Interest		7,226,381	262,873
Group Profit for the year (attributable to Shareholders of the Company)		61,255,965	560,848,130
Earnings per equity share: (Not Annualised)	26		
(Equity shares of Face value ₹ 2/- each)			
- Basic		0.20	1.79
- Diluted		0.20	1.79

The accompanying Notes 1 to 36 are an integral part of the Consolidated Financial Statements

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Ramesh Bawa
Managing Director
DIN : 00040523

Sanjay Mitra
Company Secretary
DIN : 00030836

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended 31st March, 2017

Amount (₹)

			For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
(A)	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX		138,809,534	747,686,018
	Adjustments for:			
	Depreciation and Amortisation		166,063,893	204,295,497
	Baddebts/Advances written off		-	33,689,676
	Provision for Doubtful trade receivables		37,889,505	(846,528)
	Net Unrealised Exchange Loss/(Gain)		23,723,672	10,819,993
	Net Provision for Employee Benefits		(39,653,281)	6,590,419
	Provision for Diminution in value of Non current Investment		15,710,049	16,000,000
	Interest Income		(14,126,047)	(7,081,307)
	Dividend Income		(22,779,218)	(55,208,808)
	Net (Profit)/Loss on Sale of Investments		(57,753,910)	(2,945,005)
	Net (Profit)/Loss on sale of Fixed Assets		(21,031,244)	(69,760)
	Operating Profit before working capital changes		88,043,419	952,930,195
	Changes in working capital:			
	Adjustments for (increase) / decrease in operating assets:			
	Trade Receivables		22,149,990	216,697,785
	Short Term Loans and Advances		(35,995,382)	7,730,459
	Long Term Loans and Advances		923,442	1,756,075
	Other Current Assets		(6,153,131)	861,016
	Other Non-current Assets		15,914,391	28,910,274
	Adjustments for increase / (decrease) in operating liabilities:			
	Trade Payables		(31,042,715)	(63,024,176)
	Other Current Liabilities		63,850,002	(4,569,428)
	Other Non-current Liabilities		134,499,032	(6,770,118)
	Short Term Provisions		202,871	(189,654)
	Long Term Provisions		1,799	346,870
	Cash Flow after Working Capital Changes		391,203,252	1,134,679,298
	Payment of Taxes (Net)		(108,298,795)	(214,221,633)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	A	282,904,457	920,457,665
(B)	CASH FLOW FROM INVESTING ACTIVITIES		-	-
	Purchase of Non-current Investments – Others		(192,409,490)	(137)
	Proceeds from sale of Non-current Investments – Others		9,611,816	56,383,091
	Decrease/(Increase) in Current Investments (Net)		387,967,511	61,233,254
	Dividend Income on Current Investments		22,779,218	55,208,808
	Inter Corporate Deposits (Given)/Refunded		(20,000,000)	43,239,998
	Capital Expenditure on Fixed Assets		(13,723,303)	(16,324,813)
	Proceeds from Sale of Fixed Assets		35,381,991	1,402,604
	Interest Received		6,571,917	9,388,406
	NET CASH GENERATED FROM INVESTING ACTIVITIES	B	236,179,660	210,531,211

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended 31st March, 2017

Amount (₹)

			For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
(C)	CASHFLOW FROM FINANCING ACTIVITIES			
	Dividend on Equity Shares		(376,839,288)	(408,242,562)
	Payment of Dividend Distribution tax		(34,297,300)	(57,365,361)
	NET CASH USED IN FINANCING ACTIVITIES	C	(411,136,588)	(465,607,923)
(D)	Net Increase in Cash and Cash Equivalents	(A+B+C)	107,947,529	665,380,953
	Effect of Exchange differences on Foreign Currency Translation		(43,442,681)	18,738,966
	Cash and Cash Equivalent due to investment		189,758,858	-
	Cash and Cash Equivalent at the beginning of the year as per Balance Sheet		1,041,065,106	356,945,187
	Cash and Cash Equivalent at the end of the year (Refer Note 14)		1,295,328,812	1,041,065,106
	Reconciliation of Cash and cash equivalents with the Balance Sheet :			
	Cash and cash equivalents as per Balance Sheet (Refer Note 14)		1,328,203,678	1,073,278,667
	Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) :			
	In earmarked accounts (Refer Note (i) below)			
	- Unpaid dividend accounts		(32,874,866)	(32,213,561)
	Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 14 *		1,295,328,812	1,041,065,106
	* Comprises			
	(a) Cash on hand		67,773	276,337
	(b) Cheques on Hand		3,573,795	151,170
	(c) Balances with banks			
	(i) In current and fixed deposit accounts		1,291,687,244	1,040,637,599
			1,295,328,812	1,041,065,106

Notes:

- These earmarked account balances with banks can be utilised only for the specific identified purposes
- The accompanying Notes 1 to 36 are an integral part of the Consolidated Financial Statement

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.: 117366W/W-100018)

Rukshad N. Daruvala
Partner
Membership No. 111188
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For and on behalf of the Board

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DIN : 00032812

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Chief Financial Officer
DIN : 00060698

Place : Mumbai
Date : May 29, 2017

Ramesh Bawa
Managing Director
DIN : 00040523

Sanjay Mitra
Company Secretary
DIN : 00030836

(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 have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards, specified 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, except in respect of one jointly controlled entity whose activities have been significantly curtailed going forward and due to which its financial statements are prepared on other than going concern basis. 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 CFS 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 year 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, 2017 (₹)	Percentage of Voting power As at March 31, 2017	Amount of Investment As at March 31, 2016 (₹)	Percentage of Voting power As at March 31, 2016
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 (Refer Note 31)	Mauritius	13,500,198	100	900,200	100
Saffron Investment Trust (IL&FS Investment Advisors LLC is 100% beneficiary)	Mauritius	-	100	-	100
IIML Asset Advisors Limited	India	87,864,117	100	49,864,117	100
Andhra Pradesh Urban Infrastructure Asset Management Limited	India	102,000,000	51	-	-
IL&FS Infra Asset Management Limited	India	178,584,000	86.61	-	-
IL&FS AMC Trustee Limited	India	2,527,500	100	-	-
IIML Advisors LLC (Refer Note 31)	Mauritius	-	-	12,599,998	100
IIML Fund Managers (Singapore) Pte Ltd	Singapore	118,362,823	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) Property, Plant & Equipment and Depreciation

Property, Plant and Equipment acquired by the Group are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any

The acquisition cost includes the purchase price (excluding refundable taxes) and expenses, such as delivery and handling costs, installation, legal services and consultancy services, directly attributable to bringing the asset to the site and in working condition for its intended use

Depreciation on 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)
Assets:	
Building / Premises	15
Furniture and Fixtures	3 to 5
Computers and Data Processing Equipment (including Servers & Networking)	3 to 5
Office Equipments	3 to 5
Electronic Installation	10
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

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

NOTES Forming part of Consolidated Financial Statements

f) Intangible Assets and amortisation

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

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

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 Consolidated 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. Transactions of revenue nature of non-integral foreign operations are translated at the average exchange rate for the period

- (ii) Measurement at the balance sheet date

Foreign Currency monetary items outstanding at the Balance Sheet date are restated at the closing rate

Non-Monetary items which are carried in terms of historical cost denominated in foreign currency at the Balance Sheet date are reported using the exchange rate at the date of the transaction

In respect of non-integral foreign operations all assets and liabilities are translated at the year-end rates

- (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 Consolidated Statement of Profit and Loss

The exchange differences on translation of balances relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal / abandonment in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same year in which the gain or loss on disposal is recognised

k) Forward Contract Transactions

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

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

At the reporting date, Forward Contracts are revalued and gains/losses if any, are recognised in the Consolidated 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 year in which such cancellation or renewal is made

l) Revenue Recognition

- i) Management fee income from Private Equity Funds (PEF) under management and advisory fee income are recognised based on contractual arrangements
- ii) Income from Investment in PEF is recognised on the basis of income distributed by the respective PEFs
- iii) Income from upfront fee is recognised at the rates agreed upon with the borrowers on execution of loan documents between Pooled Municipal Debt Obligation (PMDO) lenders and its borrowers
- iv) Asset Management fee is recognised when it is reasonably certain that the revenue will flow to the Company at the rates agreed upon with the borrowers of PMDO facility on the outstanding loan balance over the term of funding
- v) Investment Management and advisory on IL&FS Mutual Fund under management is recognised at specific rates agreed upon with the relevant schemes, and is applied on the average daily net assets of each scheme (excluding inter-scheme investments, where applicable, and investments made by the Company in the respective scheme), and are in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996 as amended
- vi) Revenue from infrastructure and development projects services is recognised using the proportionate completion method which is determined by reference to the milestone achieved as per the terms of the contract. Pending completion of any milestone, revenue recognition is restricted to the relevant cost which is carried forward as unbilled revenue. Any expected loss on a contract is recognised immediately in the Statement of Profit and Loss
- vii) Dividend income is recognised once the unconditional right to receive dividend is established
- viii) Interest income on fixed deposits is accrued proportionately based on period for which the same is placed

m) Employee Benefits

- i) The Indian entities of the Group which makes contributions to provident fund, superannuation fund are considered as defined contribution plans and are charged as an expense in the Consolidated 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 Consolidated 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) Expense

- i) Placement Fees incurred in the establishment of the Fund are amortised on a straight line basis over the life of the fund to which the placement fee relate
- ii) Annual recurring fund expenses related to the schemes of IL&FS Mutual Fund (IDF) which are in excess of the internal expense limits, are borne by the Company. The Company absorbs the expenses relating to the launch of the schemes of IDF

- iii) Distribution Commission on closed ended schemes of IDF are expensed out over the tenure of the respective schemes, commencing from the month in which units are allotted

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 Consolidated 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 Group has a present legal or constructive obligation as a result of a past event and it is probable that the outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to 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 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

s) Service tax input credit

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

NOTES Forming part of Consolidated Financial Statements

(2) Share Capital:

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

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
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, 2016: 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, 2017		As at March 31, 2016	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
At the beginning of the year	314,032,740	628,065,480	314,032,740	628,065,480
At the end of the year	314,032,740	628,065,480	314,032,740	628,065,480

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

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	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

Right, 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. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, in proportion to the number of equity shares held after distribution of all preferential amounts. However, no such preferential amounts exist currently

NOTES Forming part of Consolidated Financial Statements

- d) 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	-	-	-

- e) 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/-

- f) 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

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

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

- 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, 2017 (Previous year Nil). Further, no options were outstanding at the start of the year

NOTES Forming part of Consolidated Financial Statements

(3) Reserves and Surplus:

The movement in Reserves and Surplus are as under:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Securities Premium Account		
Balance as per previous Balance Sheet	4,758,750	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	315,657,591
Balance at the end of the year	315,657,591	315,657,591
Capital Reserve on Consolidation		
Balance as per previous Balance Sheet	49,169,392	49,169,392
Add: Addition	55,397,304	-
Balance at the end of the year	104,566,696	49,169,392
Surplus in Statement of Profit and Loss		
Balance as per previous Balance Sheet	2,308,146,499	2,159,923,415
Add: Profit for the year	61,255,965	560,848,130
Less: Appropriation for Dividend	-	(376,839,288)
Less: Appropriation for Dividend tax	-	(35,785,758)
Less: Adjustment of Intangibles assets pursuant to scheme of Arrangement and Amalgamation of IIML Advisors LLC and IL&FS Investment Advisors LLC (refer note 31)	(985,009,289)	-
Balance at the end of the year	1,384,393,175	2,308,146,499
Foreign Currency Translation Reserve		
Balance as per previous Balance Sheet	660,828,008	487,814,296
Add: Movement during the year	(9,372,113)	173,013,712
Balance at the end of the year	651,455,895	660,828,008
	2,460,832,107	3,338,560,240

NOTES Forming part of Consolidated Financial Statements

(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, 2017 the timing difference has resulted in a net deferred tax credit of ₹ 2,154,167 (Previous year net deferred tax credit of ₹ 6,876,542)
- The deferred tax asset recognised in the accounts as of March 31, 2017 is as follows:

Nature of Timing Differences	As at March 31, 2016 (₹)	Adjusted during the year on account of acquisition	Adjusted during the year (₹)	As at March 31, 2017 (₹)
Net Depreciation	7,091,476	1,340,283	(18,327)	8,413,432
Employee Benefits	13,033,629	-	(1,814,660)	11,218,969
Provision for Bad debts	14,001,389	-	(2,761,363)	11,240,026
Provision towards distribution of Carry Income	821,600	-	(821,600)	-
Preliminary Expenses Written off	-	-	485,496	485,496
Others	202,018	-	70,832	272,850
Total	35,150,112	1,340,283	(4,859,622)	31,630,773
Previous year (April 1, 2015 to March 31, 2016)	33,188,324	-	1,961,788	35,150,112

- The deferred tax liability recognised in the accounts as of March 31, 2017 is as follows:

Nature of Timing Differences	As at March 31, 2016 (₹)	Adjusted * during the year (₹)	As at March 31, 2017 (₹)
Placement Fees	(2,674,941)	2,674,941	-
Previous year (April 1, 2015 to March 31, 2016)	(7,223,292)	4,548,351	(2,674,941)

* The amount of ₹ 30,513/- (Previous year ₹ 366,403/-) is on account of Foreign Exchange Fluctuation adjusted in Foreign Currency Translation Reserves under the head 'Reserves and Surplus'

NOTES Forming part of Consolidated Financial Statements

(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, 2017 (₹)	As at March 31, 2016 (₹)
Provision for Employee benefits:		
For compensated absences benefits	28,810,623	22,354,261
For gratuity	14,381,295	50,195,406
Provision Others:		
Deferred Rent	467,100	465,301
	43,659,018	73,014,968

- 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 ₹ 13,318,796/- (Previous year ₹ 14,010,766/-) as expense in the Consolidated Statement of Profit and Loss under Group's Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner and ₹ 5,262,781/- (Previous year ₹ 4,759,063/-) 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, 2017	For the year ended March 31, 2016
I. Assumptions		
Discount Rate	0%-7.34%	7.86%- 8.07%
Rate of Return on Plan Assets	7.27%-8.05%	7.86%-8.5%
Salary Escalation	0%-6.50%	6.50%
Attrition Rate	0%-3%	2%-3%
Mortality Table	Indian Assured Lives mortality (2006-2008) Ultimate	Indian Assured Lives mortality (2006-2008) Ultimate

NOTES Forming part of Consolidated Financial Statements

II. Tables Showing Change in Benefit Obligation	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Liability at the beginning of the year	99,939,760	95,064,170
Liability of newly acquired company at the beginning of the year	2,820,903	-
Interest Cost	8,094,116	7,553,598
Current Service Cost	8,382,621	9,067,345
Liability Transfer In	542,852	651,950
Liability Transfer Out	(603,317)	-
Benefit Paid	(9,828,923)	(7,206,350)
Actuarial (gain)/loss on obligations	(1,030,364)	(5,190,953)
Liability at the end of the year	108,317,648	99,939,760
III. Table of Fair Value of Planned Assets	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Fair Value of Plan Assets at the beginning of the year	104,610,697	101,530,850
Fair Value of Plan Assets of newly acquired company at the beginning of the year	2,273,159	-
Expected Return on Plan Assets	8,420,951	8,070,680
Contributions	1,427,942	1,464,073
Adjustment to Opening balance	45,994	-
Transfer from Other Company	542,852	-
Benefit Paid	(9,828,923)	(7,062,484)
Actuarial gain/(loss) on Plan Assets	(58,094)	607,578
Fair Value of Plan Assets at the end of the year	107,434,578	104,610,697
Total Actuarial Gain/(Loss) to be recognised	972,270	5,798,531
IV. Actual Return on Plan Assets:	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Expected Return on Plan Assets	8,420,951	8,070,680
Actuarial gain/(loss) on Plan Assets	(58,094)	607,578
Actual Return on Plan Assets	8,362,857	8,678,258

NOTES Forming part of Consolidated Financial Statements

V. Amount Recognised in the Balance Sheet:	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Liability at the end of the year	108,317,648	99,939,760
Fair Value of Plan Assets at the end of the year	107,434,578	104,610,697
Difference	(883,070)	(4,670,937)
Unrecognised Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(883,070)	(4,670,937)
VI. Expenses Recognised in the Consolidated Statement of Profit and Loss :	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Service Cost	8,382,621	9,067,345
Interest Cost	8,094,116	7,553,598
Expected Return on Plan Assets	(8,420,951)	(8,070,680)
Net Actuarial (Gain)/Loss to be Recognised	(972,270)	(5,798,531)
Expense Recognised in Consolidated Statement of Profit and Loss	7,083,516	2,751,732
VII. Balance Sheet Reconciliation :	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Opening Net Liability/(Asset)	(4,670,937)	(6,466,680)
Opening Net Liability/(Asset) of newly acquired company at the beginning of the year	547,744	-
Adjustment to Opening balance	(45,994)	-
Expense as above	7,083,516	2,751,732
Liability Transfer In	-	651,950
Liability Transfer Out	(603,317)	-
Benefits Paid	-	(143,866)
Employers Contribution	(1,427,942)	(1,464,073)
Amount Recognised in Balance Sheet	883,070	(4,670,937)
VIII. Description of Plan Assets :		
Insurer Managed Funds	100%	100%

NOTES Forming part of Consolidated Financial Statements

IX. Experience Adjustments:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)	As at March 31, 2015 (₹)	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Experience adjustments on plan liabilities (gain)/loss	(5,543,269)	(5,386,493)	4,712,156	4,072,380	1,118,740
Experience adjustments on plan assets gain/(loss)	(58,094)	607,578	(276,030)	(99,463)	45,116

Other Details:

The respective employer's best estimate of the contributions expected to be paid to the plan during the next 12 month ₹ 3,318,319/- (Previous year ₹ 400,900/-)

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

(6) Other Current liabilities:

- a) Other Current Liabilities consists of:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Unclaimed Dividend	32,874,866	32,213,561
Statutory Payments	9,777,539	6,076,278
Income Received in advance	11,997,411	77,742
Other Liabilities	52,331,829	1,619,977
	106,981,645	39,987,558

- b) Other Liabilities pertains to amount payable to Provident Fund, Profession Tax and Income received in advance
- c) Other Liabilities include ₹ 50,157,577/- towards Project Development Advance –Transaction Advisory (TA Fund) received by Company's subsidiary from Government of Andhra Pradesh for meeting the project development expenses. This amount has been kept in a separate bank account with Andhra Bank. The interest earned/accrued on the fixed deposits made from TA Fund has been credited to TA Fund (net off tax expenses)
- d) Unclaimed Dividend of ₹ 32,874,866/- relates to the period from FY 2009-2010 to FY 2015-2016. During the year ended March 31, 2017 an amount of ₹ 3,502,324/- (Previous year: ₹ 1,852,834/-) has been transferred to the Investor Education and Protection Fund relating to amounts for the year ended March 31, 2009

NOTES Forming part of Consolidated Financial Statements

(7) Short Term provisions:

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

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Provision for employee benefits :		
For compensated absences	8,457,015	23,302,359
For Gratuity	1,257,975	282,143
For Others	58,774,502	55,827,164
Towards distribution of carry income	2,485,773	2,485,773
Provision Others:		
Deferred Rent	321,302	118,431
Provision for Taxation (Net)	16,150,861	40,863,446
Provision for Dividend	-	376,839,288
Provision for Dividend Tax	-	34,297,300
	87,447,428	534,015,904

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(8) Property, Plant and Equipment, Intangible Assets and Capital Work in Progress :

Current Year : April 1, 2016 to March 31, 2017

Amount (₹)

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION				NET BLOCK	
	As on 1.04.2016	Additions	Deductions/ Adjustments*	As at 31.03.2017	As at 1.04.2016	For the Year	Deductions/ Adjustments*	Up to 31.03.2017	As at 31.03.2017
Property, Plant and Equipment (Owned) :									
Freehold Building	22,594,113	-	(22,594,113)	-	7,911,128	1,034,991	(8,946,119)	-	-
Furniture and Fixtures	10,082,120	2,523,858	(3,900,805)	8,705,173	8,855,641	918,810	(3,595,286)	6,179,165	2,526,008
Vehicles	26,836,547	4,300	(11,034,145)	15,806,702	17,389,022	2,815,672	(10,410,221)	9,794,473	6,012,229
Office Equipments	11,704,242	1,703,251	(3,414,337)	9,993,156	9,793,922	1,983,055	(2,810,456)	8,966,521	1,026,635
Data Processing Equipments	14,852,728	3,902,890	(2,800,106)	15,955,512	11,115,051	2,524,559	(900,558)	12,739,052	3,216,460
Lease Improvements	21,861,254	718,650	(10,763,972)	11,815,932	21,694,605	225,648	(10,450,793)	11,469,460	346,472
Electronic Installation & Equipment	-	416,239	-	416,239	-	14,282	54,797	69,079	347,160
Total (A)	107,931,004	9,269,188	(54,507,478)	62,692,714	76,759,369	9,517,017	(37,058,636)	49,217,750	13,474,964
Intangible Assets (Other than internally generated) :									
Computer Software	8,200,001	743,759	(105,639)	8,838,121	7,874,408	259,170	262,214	8,395,792	442,329
Business Know-how, Management and Advisory Contracts ¹ (Refer note 31)	2,400,837,257	-	(993,951,254)	1,406,886,003	1,095,659,579	156,287,706	(29,926,021)	1,222,021,264	184,864,739
Total (B)	2,409,037,258	743,759	(994,056,893)	1,415,724,124	1,103,533,987	156,546,876	(29,663,807)	1,230,417,056	185,307,068
Capital Work in Progress (C)									
Total (A+B+C)	2,516,968,262	10,012,947	(1,048,564,371)	1,478,416,838	1,180,293,356	166,063,893	(66,722,443)	1,279,634,806	201,936,532

*Adjustments include movement due to foreign exchange fluctuations

Note no 1: Note 1: This represents the amount recognised as intangible assets in a Subsidiary's financial statements being the fair value of the management and advisory contracts acquired by the Subsidiary 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 in an earlier year. 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 but are now estimated at 8 to 9 years.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(8) Property, Plant and Equipment, Intangible Assets and Capital Work in Progress :

Previous Year : April 1, 2015 to March 31, 2016

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	As at 31.03.2016
Property, Plant and Equipment (Owned) :									
Freehold Building	21,305,533	-	1,288,580	22,594,113	6,043,635	1,482,235	385,258	7,911,128	14,682,985
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	1,226,479
Vehicles	17,453,690	9,898,585	(515,728)	26,836,547	14,389,881	2,689,932	309,209	17,389,022	9,447,525
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	1,910,320
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	3,737,677
Lease Improvements	21,247,381	-	613,873	21,861,254	20,677,602	403,130	613,873	21,694,605	166,649
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	31,171,635
Intangible Assets (Other than internally generated) :									
Computer Software	7,832,271	367,730	-	8,200,001	7,497,974	376,434	-	7,874,408	325,593
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	1,305,177,678
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	1,305,503,271
Capital Work in Progress (C)	-	-	-	-	-	-	-	-	1,037,500
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 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

(9) Non Current Investments:

Non Current Investment consists of:

Particulars	As at March 31, 2017			As at March 31, 2016		
	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	64,839	\$ 10	100	66,333
IL&FS India Realty Fund II LLC	\$ 0.01	100,000	64,839	\$ 0.01	100,000	66,333
TARA India Fund III LLC	\$ 1	2	130	\$ 1	2	133
TARA Feeder Fund Limited	\$ 1	2	130	\$ 1	2	133
Tara India Fund IV LLC (Class C Shares)	\$ 1	1	65	\$ 1	1	66
Tara India Fund IV LLC (Class D Shares)	\$ 1	1	65	\$ 1	1	66
Saffron India Real Estate Fund – I (Class A Shares)	\$ 0.01	7,746	50,583,387	\$ 0.01	7,746	51,381,464
Saffron India Real Estate Fund – I (Class C Shares)	\$ 0.01	75,000	48,629	\$ 0.01	75,000	49,750
Saffron India Real Estate Fund – I (Class D Shares)	\$ 0.01	25,000	16,210	\$ 0.01	25,000	16,583
K2 Property Limited (Class C Shares)	\$ 0.01	75,000	48,629	\$ 0.01	75,000	49,750
K2 Property Limited (Class D Shares)	\$ 0.01	25,000	16,210	\$ 0.01	25,000	16,583
India Infrastructure Investments Limited	€ 1	-	-	€ 1	1	66
India Realty Investments Limited	€ 1	1	65	€ 1	1	66
Total (A)			50,925,698			51,729,826

NOTES Forming part of Consolidated Financial Statements

Particulars	As at March 31, 2017			As at March 31, 2016		
	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	694.52	69,451,665	100,000	764.00	76,400,288
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	65.78	65,780,000	1,000,000	68.78	68,777,800
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 (Class B Units)	1,000	500	500,000	1,000	500	500,000
Tara India Fund IV Trust (Class A Units)	1,000,000	13.96	13,959,889	1,000,000	3	3,000,000
Tara India Fund IV Trust (Class C Units)	1,000	500	500,000	-	-	-
Urjankur Nidhi Trust	100	1,000	100,000	100	1,000	100,000
PAN Asia Project Development Fund (Class B Units)	100	1,000	100,000	100	1,000	100,000
Milestone Real Estate Fund – IL&FS Milestone Fund I (refer note below)	1,000	-	-	1,000	200	200,000
Milestone Real Estate Fund – IL&FS Milestone Fund II (refer note below)	1,000	-	-	1,000	200	200,000
Milestone Real Estate Fund – IL&FS Milestone Fund IIA (refer note below)	1,000	-	-	1,000	200	200,000
Milestone Real Estate Fund – IL&FS Milestone Fund IIB (refer note below)	1,000	-	-	1,000	200	200,000
Total (B)			225,961,009			225,247,543
Total (A+B)			276,886,707			276,977,369
Less : Provision for diminution in value of investment			(31,709,982)			(16,000,000)
			245,176,725			260,977,369
Aggregate book value of unquoted investments			276,886,707			276,977,369

Note : Investments in Milestone Real Estate funds have been reclassified as current investments. Refer note 12

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, 2017 (₹)	As at March 31, 2016 (₹)
Secured, considered good:		
Staff Loan	19,615	297,133
Unsecured, considered good:		
Staff Loan	685,120	733,181
Advance Tax (net of provision)	103,841,090	88,427,901
Amortisable Assets	29,485,894	-
Security Deposits	2,438,675	2,434,345
Prepaid Expenses	4,601,311	6,874,415
	141,071,705	98,766,975

Amortisable assets includes Distribution Commission on closed ended schemes of IDF

(11) Other Non-Current Assets:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Unamortised Placement Fees	-	15,734,894
	-	15,734,894

NOTES Forming part of Consolidated Financial Statements

(12) Current Investments:

The details of Current Investments are provided below:

Particulars	As at March 31, 2017			As at March 31, 2016		
	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
Baroda Pioneer Liquid Fund – Plan A – Daily Dividend	-	-	-	53,255	1,000	53,314,986
Baroda Pioneer Treasury Advantage Fund – Plan A -Growth	6,369	1,000	12,063,715	-	-	-
Birla Sun Life Saving Fund – Daily Dividend- Regular Plan – Reinvestment	56,753	100	5,693,324	456,677	100	45,803,376
Birla Sunlife Cash plus – Daily Dividend –Regular Plan	63,403	100	6,352,623	313,225	100	31,383,543
Kotak Liquid Scheme Plan A – Daily Dividend Regular Plan	-	-	-	4,222	1,000	5,162,663
ICICI Prudential Flexible Income – Daily Dividend	-	-	-	1,051,769	100	111,209,668
ICICI Prudential Liquid –Regular Plan – Daily Dividend	-	-	-	693,904	100	69,434,576
DHFL Pramerica Insta Cash Plus Fund – Daily Dividend – Reinvestment (DWS Insta Cash Plus Fund – Daily Dividend – Reinvestment)	-	-	-	601,451	100	60,327,977
ICICI Prudential Money Market Fund – Regular Plan – Daily Dividend	134,391	100	30,030,703	1,034,166	100	103,550,561
Reliance Liquidity Fund – Daily Dividend Reinvestment Option	-	-	-	52,748	1,000	52,775,099
Tata Liquid Fund Plan A – Daily Dividend	-	-	-	20,519	1,000	22,868,666
ICICI Prudential Flexible Income – Growth	330,317	10	102,761,212	-	-	-
Kotak Bond Short Term-Direct Plan-Growth	3,702,761	10	117,064,256	-	-	-

NOTES Forming part of Consolidated Financial Statements

Particulars	As at March 31, 2017			As at March 31, 2016		
	Units	Face Value (₹)	Amount in (₹)	Units	Face Value (₹)	Amount in (₹)
Kotak Floater Short Term – Daily Dividend – Regular Plan	-	-	-	92,635	1,000	93,711,787
HDFC Liquid Fund – Dividend – Daily Reinvestment	-	-	-	52,151	1,000	53,184,792
Birla Sun Life Floating Rate Fund – Long Term – Growth-Regular Plan	188,588	100	37,466,081	-	-	-
Taurus Liquid Fund – Existing Plan – Super Institutional-Daily Dividend Reinvestment	-	-	-	35,530	1,000	35,541,640
Kotak Flexi Debt Scheme Plan A – Direct Plan-Growth	1,473,292	10	54,756,801	-	-	-
Reliance Medium Fund – Daily Dividend Plan	1,261,352	10	21,563,953	1,192,641	10	20,389,276
Reliance Money Manager Fund – Daily Dividend Plan	26,663	1,000	26,749,461	25,367	1,000	25,474,107
Birla Sun Life Savings Fund – Growth –Regular Plan	180,165	100	57,374,772	-	-	-
Kotak Treasury Advantage Fund –Growth	2,106,979	10	55,482,980	-	-	-
Kotak Low Duration Fund-Direct -Growth	93,053	1,000	188,803,771	58,763	1,000	100,000,000
DHFL Pramerica Ultra Short Term Fund – Daily Dividend – Reinvestment	-	-	-	11,074,620	10	110,971,059
ICICI Prudential Savings Fund – Growth	21,273	100	5,196,079	-	-	-
Milestone Real Estate Fund – IL&FS Milestone Fund I	200	1,000	200,000	-	-	-
Milestone Real Estate Fund – IL&FS Milestone Fund II	200	1,000	200,000	-	-	-
Milestone Real Estate Fund – IL&FS Milestone Fund IIA	200	1,000	200,000	-	-	-
Milestone Real Estate Fund – IL&FS Milestone Fund IIB	200	1,000	200,000	-	-	-
			722,159,731			1,051,238,725
Aggregate book value of unquoted investments			722,159,731			1,051,238,725

NOTES Forming part of Consolidated Financial Statements

(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, 2017 (₹)	As at March 31, 2016 (₹)
outstanding for more than 6 months from the date they are due for payment :		
Secured, considered good	6,973,891	44,042,598
Unsecured, considered good	623,006,171	404,528,177
Doubtful	16,434,162	34,528,786
Less: Provision for doubtful trade receivables	(16,434,162)	(34,528,786)
outstanding for less than 6 months from the date they are due for payment :		
Secured, considered good	14,323,630	45,121,437
Unsecured, considered good	150,277,368	322,430,460
Doubtful	13,731,280	5,066,565
Less: Provision for doubtful trade receivables	(13,731,280)	(5,066,565)
	794,581,060	816,122,672

(14) Cash and Cash Equivalents:

Cash and Cash Equivalents consists of:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
a) Cash on hand	67,773	276,337
b) Cheques in hand	3,573,795	151,170
c) Balance with Banks		
i) in Current Accounts	770,205,035	684,993,489
ii) in Fixed Deposit Accounts	521,482,209	355,644,110
iii) in earmarked Accounts -		
» in Current Accounts referring to unclaimed dividend accounts	32,874,866	32,213,561
	1,328,203,678	1,073,278,667

Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS-3 "Cash Flow Statements" are Cash on hand, Cheques in hand, Balances with bank in Current accounts and Fixed Deposits amounting to ₹ 1,295,328,812/- (Previous year ₹ 1,041,065,106/-)

NOTES Forming part of Consolidated Financial Statements

Disclosure details of Specified Bank Notes held and transacted during the demonization period from 08.11.2016 to 30.12.2016

	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	83,900	10,393	94,293
(+) Permitted receipts	-	341,600	341,600
(-) Permitted payments	-	(269,337)	(269,337)
(-) Amount deposited in Banks	(83,900)	-	(83,900)
Closing cash in hand as on 30.12.2016	-	82,656	82,656

(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, 2017 (₹)	As at March 31, 2016 (₹)
Secured, considered good:		
Staff Loan	273,019	84,282
Unsecured, considered good:		
Staff Loan	-	231,953
Security Deposit	7,721,903	1,778,098
Prepaid Expenses	23,330,163	25,462,057
Advances Recoverable in cash or in kind	42,027,889	54,972,036
Inter Corporate Deposits to Related party	20,000,000	-
Service Tax Credit Available	13,293,164	9,520,196
Contractually Reimbursable expenses:		
outstanding for more than 6 months from the date they are due for payment	2,238,234	3,446,705
Doubtful	1,943,236	861,736
Less: Provision for bad and doubtful advances	(1,943,236)	(861,736)
outstanding for less than 6 months from the date they are due for payment		
-Secured and Considered good	4,735,946	2,830,648
-Doubtful	369,436	-
Less: Provision for bad and doubtful advances	(369,436)	-
	113,620,318	98,325,975

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 Consolidated Financial Statements

(16) Other Current Assets:

Other Current Assets consists of:

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
Unbilled Revenue	14,247,509	-
Interest accrued	9,735,399	2,181,269
Other Recoverables	4,088	982,484
	23,986,996	3,163,753

(17) Contingent Liabilities and Capital Commitments :

Particulars	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)
1) Claims not acknowledged as debts:		
Income tax demand contested by the Group	70,486,769	100,031,062
Service tax demand contested by the Group	45,929,797	-
2) Capital Commitments:		
Uncalled liability on units of Venture Capital Fund	86,040,111	97,000,000

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, 2017 (₹)	For the year ended March 31, 2016 (₹)
Fees from Fund Management, Trusteeship and Advisory Services	1,012,806,529	1,824,809,998
	1,012,806,529	1,824,809,998

(19) Other Operating Income:

Other Operating Income comprises of:

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Net gain/(loss) on sale of investments :		
Non-current trade investments	-	725,843
Venture Capital Fund units	(334,607)	2,219,162
	(334,607)	2,945,005

NOTES Forming part of Consolidated Financial Statements

(20) Other Income:

Other Income comprises of:

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Dividend Income from current non-trade Investments	22,779,218	55,208,808
Profit on sale of current non-trade Investments	58,088,517	-
Interest Income on		
- Fixed Deposits with Banks	14,096,014	6,617,264
- Other Deposits / Loans	14,868	464,043
- Income Tax refund	30,033	16,188
Profit on sale of Fixed Asset	21,031,244	69,760
Reversal of excess Performance Related Pay Provision	3,263,331	15,114,325
Miscellaneous Income	19,614,802	2,358,621
	138,918,027	79,849,009

(21) Employee Benefit Expense:

Employee Benefit Expenses include:

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Salaries and Allowances	401,187,322	477,101,562
Staff Deputation cost	4,296,543	11,076,250
Gratuity Expense	(8,654,312)	7,766,078
Contribution to Provident Fund and Other Funds	25,056,757	21,831,902
Staff Training and Welfare Expenses	4,739,016	5,500,020
Less: Recovery of deputation cost	(3,297,106)	(8,259,192)
	423,328,220	515,016,620

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, 2017 (₹)	For the year ended March 31, 2016 (₹)
Rent	56,217,999	56,448,119
Repairs and Maintenance	10,310,222	8,847,804
Insurance	7,897,727	9,049,651
Rates and Taxes	5,704,186	4,431,523
Legal and Professional Expenses	117,336,689	162,793,169
Advisory Fees	56,852,479	28,778,564
Electricity and Water Charges	1,786,599	1,745,592
Travelling and Conveyance	31,038,856	35,859,330
Postage and Telecommunication	5,050,432	5,038,494
Printing and Stationery	2,619,824	2,620,746
Provision for Doubtful trade receivables	-	(846,528)
Provision for Bad & Doubtful Debts	37,889,505	33,689,676
Provision for Diminution in value of Investments	15,710,049	16,000,000
Brand Subscription Fees	16,203,921	16,935,910
Expenditure on Corporate Social Responsibility	15,394,219	11,590,088
General Office Expenses	18,032,452	15,506,451
Miscellaneous Expenses	21,644,393	28,583,926
Foreign Exchange Loss	3,498,750	3,533,362
	423,188,302	440,605,877

Miscellaneous Expenses includes commission to non-whole time directors, advertisement expenses, service promotion expenses, subscription to clubs/association, 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, 2017 (₹)	March 31, 2016 (₹)
Not later than one year	37,205,268	5,421,882
Later than one year but not later than 5 years	33,689,703	977,604
Later than 5 years	-	-

NOTES Forming part of Consolidated Financial Statements

Particulars	For the year ended March 31, 2017 (₹)	For the year ended March 31, 2016 (₹)
Amount charged to the Statement of Profit and Loss (on non- cancellable lease)	33,769,438	6,162,334

(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:

The Group has Nil forward exchange contracts outstanding.

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, 2017	As at March 31, 2016
Receivables	\$ 358,825	\$ 308,040
Amount in ₹	23,265,722	20,433,131
Short Term advances	\$ 48,375	-
Amount in ₹	3,136,568	-

(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, 2017	March 31, 2016
Profit After Tax (₹)	61,255,965	560,848,130
Weighted Average Number of Equity Shares in calculating Basic EPS	314,032,740	314,032,740
(i) Nominal Value per share (₹)	2.00	2.00
(ii) Basic Earnings per share (₹)	0.20	1.79
(iii) Diluted Earnings per share (₹)	0.20	1.79

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, 2017) 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 Environnemental Infrastructure & Service Limited [IEISL]
8	Vansh Nimay Infraproject Private Limited [VNIPL]
9	IL&FS Maritime International FZE [IMIFZE]
10	East Delhi Waste Processing Company Private Limited [EDWPC]
11	IL&FS Energy Development Company Limited [IEDCL]
12	IL&FS Global Financial Service (ME) Limited [IGFMEL]
13	RDF Power Projects Limited [RDFPPL]
14	IL&FS Prime Terminals FZC [IPT]
15	IL&FS Global Pte Limited [IGPL]
16	IL&FS Technologies Limited [ITL]
17	ISSL CPG BPO Private Limited [ISSLCPG]
18	IL&FS Trust Company Limited [ITCL] (upto August 24, 2016)
19	IL&FS Township Urban Asset Limited [ITUAL]
20	IL&FS Academy of Applied Development [IAAD]
21	Livia India Limited [Livia]
22	IL&FS Maritime Infrastructure Company Limited [IMICL]
23	IIDC Limited [IIDC]
24	Tamil Nadu Water Investment Company Limited [TNWICL]
25	IL&FS Infrastructure Development Corporation Limited [IIDCL]
26	IL&FS Transportation Network Limited [ITNL]
27	IL&FS Infra Asset Management Limited [IL&FS Infra] (Direct subsidiary wef January 1, 2017)

NOTES Forming part of Consolidated Financial Statements

Sr No	Key Managerial Personnel
1	Mr Ramesh Bawa [Managing Director]
2	Dr Archana Hingorani [Chief Executive Officer & Executive Director]
3	Mr Manoj Borkar [Chief Financial Officer]
4	Mr Sanjay Mitra [Company Secretary]

*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, 2017, with the above related parties were as follows :

Nature of Transactions	Holding Company (₹)	Fellow Subsidiary (₹)	Key Management Personnel (₹)
Advisory Fee Income			
EDWPC	-	9,735,638	-
IFINRT	-	5,851,623	-
IEISL	-	7,321,119	-
IIEF-1	-	27,763,469	-
IIDC Fund	-	700,000	-
RDFPPL	-	11,612,304	-
IMIFZE	-	4,165,593	-
IGPL	-	10,734,336	-
Interest Income			
IFIN	-	832,942	-
Rent paid			
IL&FS	39,775,121	-	-
IFIN	-	1,316,538	-
Repairs & Maintenance			
IL&FS	1,158,302	-	-
IFIN	-	185,103	-
Livia	-	5,852,292	-
Electricity Charges			
IL&FS	876,003	-	-
Brand subscription fees			
IL&FS	16,053,921	-	-

NOTES Forming part of Consolidated Financial Statements

Nature of Transactions	Holding Company (₹)	Fellow Subsidiary (₹)	Key Management Personnel (₹)
Staff Deputation Cost			
IFIN	-	3,372,795	-
Legal and Professional Expenses			
ITL	-	145,677	-
Livia	-	779,933	-
ISSL CPG	-	126,800	-
TNWICL	-	4,200,000	-
Transfer of assets			
IL&FS	1	-	-
Custody Charges			
ISSL	-	604,810	-
Other Reimbursement (Paid) / Recovered			
EDWPC	-	7,720	-
IMICL	-	28,033	-
IEDCL	-	41,878	-
IEISL	-	14,373	-
IFIN	-	(22,884)	-
IFINRT	-	32,557	-
IAAD	-	(15,160)	-
ITUAL	-	92,000	-
IIDC	-	(6,213,511)	-
RDFPPL	-	340,054	-
IIDCL	-	68,628	-
IGFMEL	-	(1,757,815)	-
IL&FS	(2,350,851)	-	-
Managerial Remuneration			
Mr Ramesh Bawa	-	-	5,000,000
Dr Archana Hingorani	-	-	27,735,090
Mr Manoj Borkar	-	-	18,406,334
Mr Sanjay Mitra	-	-	9,652,777

* Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity and group mediclaim which are provided for group of employees on an overall basis.

NOTES Forming part of Consolidated Financial Statements

- c) 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	-
IGFMEL	-	4,994,289	-
IGPL	-	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 Fees			
IEISL		200,000	
IL&FS		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)	-
RDFPPL	-	124,835	-
VNIPL	-	20,386	-
IL&FS	570,456	-	-

NOTES Forming part of Consolidated Financial Statements

Nature of Transactions	Holding Company (₹)	Fellow Subsidiary (₹)	Key Management Personnel (₹)
Managerial Remuneration			
Mr Ramesh Bawa	-	-	4,949,574
Dr Archana Hingorani	-	-	24,574,575
Mr Manoj Borkar	-	-	20,934,071
Mr Sanjay Mitra	-	-	9,407,453

d) Statement of significant balances as at March 31, 2017 are as follows:

Nature of Transaction	Holding Company (₹)	Fellow Subsidiary (₹)
Trade Receivables		
EDWPC	-	5,189,153
IEISL	-	8,990,584
IGPL	-	13,616,106
RDFPPL	-	336,427
IAAD	-	956
ITNL	-	4,763
IL&FS	761,412	-
IPT	-	156,456
Maximum Outstanding Inter Corporate Deposits during the year		
IFIN	-	20,000,000
Inter Corporate Deposit		
IFIN	-	20,000,000
Trade Payables		
IIDC	-	3,362,934
IFIN	-	683,819
TNWICL	-	420,000
IL&FS	407,476	-
IGFMEL	-	524,285
ISSL	-	57,629
Livia	-	5,729

NOTES Forming part of Consolidated Financial Statements

Interest accrued not due		
IFIN	-	832,942
Short Term Advances		
IIDCL	-	55,455
Long Term Liability		
IFIN	-	500,000
Share Subscription		
IFIN	-	181,111,500
Dividend Paid		
IL&FS	189,999,782	-

e) 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
IGPL	-	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	-
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

(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 disclosure are to be given in respect thereof. This has been provided by the Company and relied upon by the auditors

NOTES Forming part of Consolidated Financial Statements

(29) Joint Venture Disclosure:

The Company has the following Joint Ventures as on March 31, 2017 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%	15,080,926	3,590,834	1,225,500	16,774,642
		(35,346,710)	(8,307,477)	(34,560,571)	(31,522,108)
Standard Chartered IL&FS Management (Singapore) Pte Limited	50%	140,994,195	25,344,242	59,047,402	35,532,296
		(156,515,032)	(50,131,090)	(76,556,495)	(65,066,010)

(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) Pursuant to the Scheme of Arrangement and Amalgamation between IIML Advisors LLC ('IAL'), IL&FS Investment Advisors LLC ('IIAL') and their respective shareholders and creditors ('the Scheme') as approved by the Supreme Court of Mauritius on 26 April 2017, IIML Advisors LLC has been amalgamated into IL&FS Investment Advisors LLC. The Appointed Date of the Scheme was 1 January 2017. The Scheme has become effective pursuant to filing of the Scheme by IIAL with Financial Services Commission ('FSC'), Mauritius and Registrar of Company, Mauritius on May 9, 2017

As per the Scheme, IIAL will issue 1 fully paid up ordinary share of USD 1 each for every 1 ordinary share held by the Company in IAL and 1 fully paid up redeemable participating share-series 1 of USD 0.01 each for every 1 redeemable participating share held by the Company in IAL

The Company has been allotted 1 ordinary share of USD 1 each and 24,999,900 redeemable participating shares – series I of USD 0.01 each in accordance with the Scheme, subsequent to the balance sheet date

IIAL has taken over the assets and liabilities of IAL with effect from 1 January 2017 and the Supreme Court of Mauritius has allowed to adjust Intangible Assets of USD 14.5 mn against the IIAL's retained earnings, out of the total value of Intangible Assets as appearing in the books of IIAL as on the Appointed Date. For the purpose of preparation of consolidated financial statements, Intangible Assets of ₹ 985.01 mn (USD 14.5 mn) has been adjusted directly against the retained earnings in accordance with the treatment prescribed in the Order of the Supreme Court of Mauritius dated April 26, 2017, instead of debiting the same to the Statement of Profit and Loss as per provisions of Accounting Standard 26

(32) CSR expenditure :

- Gross amount required to be spent by the Group during the year – ₹ 15,929,683/-
- Amount spent during the year on :

NOTES Forming part of Consolidated Financial Statements

	In cash (₹)	Yet to be paid in cash (₹)	Total (₹)
(i) Construction/acquisition of any asset	300,000	-	-
(ii) On purposes other than (i) above	15,094,219	-	-

(33) Proposed Dividend

The Board of Directors, in their meeting held on May 29, 2017 have proposed a final dividend of ₹ 0.60 per equity share amounting to ₹ 195,251,230/-, inclusive of tax on dividend. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend from Statement of Profit and Loss for the year ended March 31, 2017

(34) The financial position and results of the Companies which became subsidiaries during the year

(a) Company became subsidiary during the year: Amount (₹)

Financial Position	Andhra Pradesh Urban Infrastructure Asset Management Ltd	IL&FS AMC Trustee Ltd	IL&FS Infra Asset Management Ltd
EQUITY AND LIABILITIES:			
Sources of Funds			
Minority Interest	101,668,908	-	38,863,493
Non-Current Liabilities	1,999,089	500,000	2,344,227
Current Liabilities	71,688,851	124,998	9,202,995
Total	175,356,848	624,998	50,410,715
ASSETS:			
Non-current assets	2,425,336	146,411	35,226,004
Current assets	278,752,627	896,280	266,563,885
Total	281,177,963	1,042,691	301,789,889

(b) Financial Results for the period from the date Company became Subsidiary till March 31, 2017 Amount (₹)

Financial Position	Andhra Pradesh Urban Infrastructure Asset Management Ltd	IL&FS AMC Trustee Ltd	IL&FS Infra Asset Management Ltd
Income :			
Income from Operations	46,072,509	363,204	43,898,687
Other Income	4,999,474	10,938	4,688,069
Expenses :			
Other Operating and Administrative Expenses	(39,630,400)	380,028	(20,975,563)
Profit/(Loss) before Taxation	11,441,583	(5,886)	27,611,193

NOTES Forming part of Consolidated Financial Statements

Tax	(3,954,014)	-	(9,952,783)
Profit/(Loss) after Taxation	7,487,569	(5,886)	17,658,410
Minority Interest	(3,668,909)	-	(2,364,461)
Profit/(Loss) after Taxation after Minority Interest	3,818,660	(5,886)	15,293,949

- (35) Figures for the previous year have been regrouped / reclassified wherever considered necessary to conform to the current period's classification / disclosure
- (36) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III 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	30.04%	927,914,676	-300.15%	(183,857,691)
Subsidiaries				
Indian				
IL&FS Asian Infrastructure Managers Limited	2.05%	63,314,933	3.97%	2,434,716
IL&FS Urban Infrastructure Managers Limited	5.37%	166,014,165	6.88%	4,213,386
IIML Asset Advisors Limited	1.62%	50,031,170	-84.95%	(52,034,633)
Andhra Pradesh Urban Infrastructure Asset Management Limited	6.72%	207,490,023	12.22%	7,487,569
IL&FS AMC Trustee Limited	0.01%	417,693	-0.01%	(5,886)
IL&FS Infra Asset Management Limited	9.40%	290,242,667	28.83%	17,658,410
Foreign				
IL&FS Investment Advisors LLC	43.65%	1,348,406,860	517.71%	317,129,989
IIML Advisors LLC	0.00%	-	-1.91%	(1,169,974)
Saffron Investment Trust	1.69%	52,130,624	-26.49%	(16,224,612)

NOTES Forming part of Consolidated Financial Statements

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
IIML Fund Managers Singapore Pte Limited	0.89%	27,370,970	-57.32%	(35,114,889)
Minority Interest in all subsidiaries				
IL&FS Asian Infrastructure Managers Limited	-1.00%	(31,023,837)	-1.95%	(1,193,011)
Andhra Pradesh Urban Infrastructure Asset Management Limited	-3.29%	(101,668,909)	-5.99%	(3,668,909)
IL&FS Infra Asset Management Limited	-1.26%	(38,863,493)	-3.86%	(2,364,461)
Joint Ventures				
(as per proportionate consolidation/ investment as per the equity method)				
Indian				
IL&FS Milestone Realty Advisors Private Limited	0.37%	11,490,092	-25.38%	(15,549,143)
Foreign				
Standard Chartered IL&FS Asset Management Pte Limited	3.74%	115,649,953	38.39%	23,515,104
TOTAL	100.00%	3,088,917,587	100.00%	61,255,965

The accompanying Notes 1 to 36 are integral part of the Consolidated Financial Statements

For and on behalf of the Board

S M Datta
Chairman
DIN : 00032812

Ramesh Bawa
Managing Director
DIN : 00040523

Manoj Borkar
Chief Financial Officer
DIN : 00060698

Sanjay Mitra
Company Secretary
DIN : 00030836

Place : Mumbai
Date : May 29, 2017



IL&FS Investment Managers Limited
The IL&FS Financial Centre,
Plot No. C-22, G-Block,
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